

FILED EFFECTIVE

AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
PRODUCERS SUPPLY COOPERATIVE, INC.
a cooperative association

2004 DEC 13 10:40

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned do hereby certify:

First, that they are the duly elected, qualified and acting President and Secretary, respectively, of Producers Supply Cooperative, Inc., a non-profit cooperative association, duly organized and existing under the Idaho Code Sections 22-2601 et. seq., Cooperative Marketing Association Act of Idaho; and

Second, that after appropriate proceedings taken in the manner and form required by law and as hereinafter set forth, the Articles of Incorporation are amended and restated as follows:

ARTICLE I. NAME

The name of this cooperative is: Producers Supply Cooperative, Inc., a cooperative association.

ARTICLE II. DURATION

The cooperative shall have perpetual existence.

ARTICLE III. PURPOSE

This cooperative is organized for the following purposes:

(a) To receive, purchase, store, grade, preserve, dry, process, pack, ship, finance, advertise, market, sell, distribute, and otherwise deal in the agricultural products produced by its members; and

(b) To purchase, manufacture, process, store, handle, sell, ship, distribute, finance, furnish, supply, and procure farm supplies and equipment and to perform services for its members; and

(c) Any other lawful purpose permitted of cooperatives in accordance with the Idaho Cooperative Marketing Associations Act or laws of other states in which it may operate. This Cooperative shall be operated on a cooperative basis for the mutual benefit of its members.

Amended and Restated Articles of Incorporation of Producers Supply Cooperative, Inc. - 1

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ARTICLE IV. POWERS AND LIMITATIONS

Section 1. Powers. This cooperative shall have all powers, privileges, and rights conferred on cooperative associations by the laws of the State of Idaho and any other state in which it shall be qualified to do business.

Section 2. Limitations. This cooperative shall not market the products, or purchase supplies or equipment, of nonmembers in an amount the value of which exceeds the value of the products marketed for, and supplies or equipment purchased for, members.

ARTICLE V. PRINCIPAL PLACE OF BUSINESS/AGENT

The place where the principal business of the association will be transacted is in the City of Nampa, County of Canyon, State of Idaho. The address of the registered office is 2114 North 20th, Nampa, Idaho 83687. The name of the initial registered agent at such address is Jack Ingram.

ARTICLE VI. CAPITAL STOCK; MEMBERSHIP; RESERVES

Section 1. Capital Stock. This cooperative shall be organized with capital stock, as follows:

- (a) 24,000 shares of Common Stock with a par value of \$10.00 per share;
- (b) 6,400 shares of Class A Preferred Stock with a par value of \$25.00 per share; and
- (c) 8,000 shares of Class B Preferred Stock with a par value of \$10.00 per share.

Common stock shall bear no dividends.

Class A Preferred Stock shall bear cumulative dividends of not less than six percent (6%) per annum, nor more than eight percent (8%) per annum, to be determined by the board of directors, with dividends to be paid annually within ninety (90) days after close of the fiscal year.

Class B Preferred Stock shall bear non-cumulative dividends at the rate of two percent (2%) per annum, with dividends to be paid annually within ninety (90) days after close of the fiscal year.

Provided, dividends on Preferred Stock shall be payable only out of net margins and, if there are none, no dividends shall be paid.

All Preferred Stock shall be callable at the option of the board of directors upon thirty (30) days written notice following one (1) year after date of issuance.

Section 2. Membership/Common Stock. Any person, firm, partnership, cooperative, LLC or association, including both landlord and tenant in share tenancies, who, or which is a bona fide producer of agricultural or horticultural products or any person, firm, partnership, corporation, cooperative, LLC or association directly connected with the producing or marketing of agricultural and horticultural products, or any non-profit farmer cooperative association, or other person or entity permitted by Title 22, Chapter 26, Idaho Code, to be a member, may become a member of this cooperative by purchasing one (1) share of Common Stock, with the approval of the board of directors and by complying with the other conditions of membership as imposed by the Bylaws.

Section 3. Common Stock voting, transferability, redemption. Common stock shall be the only voting stock. Provided, each member is entitled to only one (1) vote, regardless of the number of shares of common stock held by such member.

Voting by proxy shall not be permitted.

Voting by mail shall be permitted only if and as provided for in the Bylaws.

Common Stock is nontransferable and may only be redeemed as provided for in the Bylaws and then only in the manner and to the extent permitted by law, and such restrictions shall be printed on the Common Stock certificates.

No member shall own more than one twentieth (1/20) of the issued common stock of the cooperative and the Bylaws may restrict the amount of common stock which one (1) member may own to any amount less than one twentieth (1/20) of the issued common stock as provided for by Idaho Code Section 22-2614. Provided, ownership of more than one share of Common Stock shall not entitle such member to more than one (1) vote.

Section 4. Preferred Stock.

(a) Preferred stock of this Cooperative may be issued to any person, association, co-partnership, corporation, or other form of legal entity, in series.

(b) Preferred stock shall carry no voting rights.

(c) Class A Preferred Stock shall be called at the option of the board of directors (subject to provisions of Section 1 of Article V of these Articles) in annual series and in the order of issuance of each series. If less than an entire annual series shall be called, such shall be by lot.

(d) Class B Preferred Stock may be issued as evidence of annual patronage margins and shall be redeemed in the order of issuance of each annual series if less than an entire annual series shall be called for payment and redemption of which call shall be pro-rata.

Section 5. Property rights and interest of each member shall be unequal. 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 member patron with the association in a fiscal period shall bear to the total patronage of all member patrons with the association 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.

Section 6. Member Agreement. Through application for and acceptance as a member, each member of the cooperative shall thereby become bound by and shall comply with each and every obligation imposed upon members by the Articles of Incorporation and the Bylaws of the cooperative from time to time in force and effect.

Section 6. Ineligible Members. In the event the board of directors of this Cooperative shall find that any shares of Common Stock of this Cooperative have come into the hands of any person who is not eligible for membership, or that the holder thereof has ceased to be an eligible member, such holder shall have no rights or privileges on account of such stock, or vote or voice in the management or affairs of this Cooperative other than as specifically required by law. This Cooperative shall have the right at its exclusive option, (i) to redeem the Common Stock of the ineligible holder at the lesser of its par value or book value; or (ii) to convert such Common Stock into a nonvoting equity interest.

Section 7. Stock Transfers. Common Stock is nontransferable. Transfers of Preferred Stock shall only be made with the approval of the board of directors in a manner and subject to conditions as specified by the board of directors and then only as permitted by law.

Section 8. Reserves, Equities, Revolving. The cooperative shall have the power to establish and accumulate reasonable reserves and surplus funds and to abolish the same; also to create, maintain, and terminate revolving funds or other similar funds; also to utilize a revolving fund method of financing, or such other methods as may be prudent and compatible with agricultural cooperative organizations; in the manner as provided for in the bylaws of the cooperative.

Revolving of capital reserve or equity accounts shall be at the discretion of the board of directors and the bylaws may specifically so provide.

ARTICLE VII. FIRST LIEN

This cooperative shall have a first lien on all equity credits or on any other interest distributed on a patronage basis standing on its books for all indebtedness of the respective holders or owners thereof to this cooperative. To the extent permitted by law this cooperative shall have the right, exercisable at the option of the board of directors, to set off such indebtedness against the amount of such equity credits or any other interest distributed on a patronage basis standing on its books, provided that for purposes of the offset the equity credits or any other patronage interest utilized shall be discounted to present value as determined by the formulae set forth in the next succeeding paragraph herein.

In the event that the cooperative shall be obligated by court order or judgment to redeem or otherwise liquidate a patron's interest in book credits, capital funds or other allocated reserves other than in the ordinary course of its business, then such interests shall be discounted to their present value. Present value shall be calculated by multiplying such amount by a present value percentage which uses a term of 25 years and an interest rate equal to the Prime Interest Rate as published in the Wall Street Journal or other comparable financial data source. The Present Value Percentage is determined by the formula of:

$$V = \frac{1}{(1 + i)^{25}}$$

wherein V is the Present Value Percentage, and i is the Prime Interest Rate. For example, if the member's account balance was \$10,000.00 and the prime rate on the date of redemption was 5%, the present value percentage would be 29.5303% and the present value would be \$2,953.03.

Provided, however, nothing contained herein nor the fact that a prerevolving offset was made shall give the holders of equity credits or any other interest distributed on a patronage basis, any right to have a set off made; nor any right to demand a prerevolving of credits otherwise than in the normal course of the cooperative's business and as provided for in the bylaws and as determined at the discretion of the board of directors.

ARTICLE VIII. DIRECTORS

1. Number. The cooperative shall be governed by a board of not less than five (5) directors all of whom must be qualified members holding a share of Common Stock.

2. Term Limits. A director shall be limited to serving three (3) consecutive three (3) year terms.

3. Manner of Election. Directors shall be elected in the manner as provided for in the bylaws.

ARTICLE IX. INDEMNIFICATION AND LIMITED LIABILITY

1. Director Liability. No director of this corporation shall be personally liable to the cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for liability:

(a) for a breach of the director's duty of loyalty to this cooperative or its members;

(b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

(c) for a transaction from which the director derived an improper personal benefit; or

(d) other conduct for which Idaho law prohibits indemnification.

It is the intention of the members of this cooperative to eliminate or limit the personal liability of the directors of this cooperative to the greatest extent permitted under applicable law. If amendments to applicable statutes are passed which authorize cooperative associations to act to further eliminate or limit the personal liability of directors, then the liability of the directors of this cooperative shall be eliminated or limited to the greatest extent permitted by the applicable statutes, as so amended or added.

Any repeal or modification of this Section 1 of this Article VII by the members of this association shall not adversely affect any right of or any protection available to a director of this cooperative which is in existence at the time of such repeal or modification.

2. Indemnification of officers, directors, employees, and agents. The cooperative shall 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 corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise to the extent permitted by Idaho law, or other applicable law, except that the association reserves the right, at its sole discretion, to determine whether and how much, if any, insurance it may purchase on behalf of directors, officers, employees or agents.

Any repeal or modification of this Section 2 of Article VII by the members of this association shall not adversely affect any right of or any protection available to a director, officer, employee or agent of this cooperative by reason of any threatened, pending or completed action, suit or proceeding in existence at the time of such repeal or modification.

3. Insurance.

The cooperative shall have the power, in the discretion of the board of directors, to purchase director, officer and key employee liability coverage.

ARTICLE X. DISSOLUTION

In the event of dissolution and winding up the affairs of the cooperative, the assets of the cooperative shall be applied and paid in the following order of priority:

First, to payment of all indebtedness of the association.

Second, Class A Preferred Stock with accrued dividends;

Third, Class B Preferred Stock with accrued dividends;

Fourth, to pro-rata payment of all allocated credits in the Patronage capital reserve accounts of the association irrespective of the date of allocations;

Fifth, all membership certificates/common stock;

Sixth, any balance thereafter remaining shall be paid prorata to patrons who held allocated credits under paragraph Fourth of this Article X.

ARTICLE XI. AMENDMENT

These Articles may be amended at any regular or special meeting properly noticed and called stating the purpose for said meeting. 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 member stockholders of the association present at such meeting, and provided, that quorums as specified in the Bylaws of the Cooperative must be present at the meetings of the directors and of the stockholders.

NOW, THEREFORE, The undersigned hereby certify:

That said Amended and Restated Articles of Incorporation were first approved by the affirmative vote of the board of directors of the cooperative at a meeting of the board of directors duly noticed, held and convened on the 28th day of October, 2004, at which meeting there were present and acting of the members of the board of directors, there being five (5) in number, and the vote of those directors present was 5 YES and 0 NO, and the number present and acting at said meeting constituting more than a quorum of the members of the board.

That thereafter said Amended and Restated Articles of Incorporation were presented to and adopted by the affirmative vote of more than two-thirds of the common stockholders of the cooperative present at the Annual meeting of the common stockholders of the Association duly noticed, held and convened on the 9th day of December, 2004, at Nampa, Idaho, at which time there were present and acting more than a quorum of the members as specified in the bylaws of the Association, the precise number of those stockholders present and voting being 147, with the vote count being 147 YES and 0 NO.

IN WITNESS WHEREOF, The undersigned as President and Secretary, respectively, of said cooperative, have caused the foregoing Amended and Restated Articles of Incorporation to be prepared in triplicate originals, with the corporate seal of said cooperative affixed thereto, of which this instrument is one, setting forth the said Amended and Restated Articles of Incorporation and the adoption thereof and are signing and swearing to the same, all in the manner and form required by law, this 9th day of December, 2004.

Amended and Restated Articles of Incorporation of Producers Supply Cooperative, Inc. - 8

(corporate seal)

PRODUCERS SUPPLY COOPERATIVE, INC.

by

Lloyd Noel
President

ATTEST:

Steve Woodard

Secretary of Producers Supply Cooperative, Inc.

STATE OF IDAHO, County of Canyon) ss

LLOYD NOE and STEVE WOODARD, Being according to law, first duly sworn on oath, severally depose and say:

That they are respectively the President and Secretary of Producers Supply Cooperative, Inc., and have signed and sworn to the foregoing Certificate setting forth the Amended and Restated Articles of Incorporation of said cooperative and the adoption thereof; that they have read the foregoing Certificate, including the Amended and Restated Articles of Incorporation of said cooperative therein set forth, and know the contents thereof, and that the statements therein contained are true.

Lloyd Noel
Steve Woodard

SUBSCRIBED AND SWORN to before me this 9 day of December, 2004.

[Signature]
Notary Public for Idaho
Residing at Caldwell, Idaho
Commission expires:

