

## ARTICLE II Stockholders

Section 1. Qualifications for Ownership of Capital Stock. Each stockholder of this Cooperative shall be the holder of one fully paid share of its capital stock.

Only those who are residents of Nebraska that patronize the Cooperative annually, and pay a yearly membership fee, as determined by the Board of Directors, may own the capital stock of this Cooperative. The shares of capital stock and Certificates of Participation of this Cooperative shall be non-assessable. The Cooperative shall have a first lien upon the shares of capital stock and other equities issued to a stockholder or other patron for any debts owed by the stockholder or patron to the Cooperative. No shares of capital stock or other equities shall be surrendered or redeemed while the holder thereof is indebted to the Cooperative.

Section 2. Application for Shares. All applications for shares of capital stock must be submitted to and approved by the Board of Directors before a share of stock may be issued. Every applicant who applies for shares who is qualified to become a stockholder shall be accepted unless the Board of Directors shall find for just and reasonable cause that acceptance of the applicant as a stockholder would prejudice the interests or otherwise obstruct the purposes of the Cooperative.

Section 3. Certification of Equity Ownership. In lieu of the issuance of certificates representing shares of capital stock, the Cooperative shall notify each owner of capital stock and other equity interests of the Cooperative of the amount of his/her ownership interest. Such notification shall set forth the name of the Cooperative, that it is a Nebraska cooperative corporation, the name of the registered owner, and the par or face value of the equity owned. The certificates of ownership need not bear the signature of any officer of the Cooperative. When issued and delivered, such certificates shall be conclusive proof that the registered owner's interests are valid and outstanding and shall be binding upon the Cooperative.

Section 4. Equity Interests Non-Transferable. No ownership interests in the capital stock or other equity interests of the Cooperative may be assigned or transferred except to the Cooperative.

Section 5. Stockholders Moved from Trade Territory. A stockholder who has moved from the trade territory of the Cooperative may request that the Board of Directors redeem his/her capital stock at the par or book value of the stock, whichever is less. The Board of Directors shall have the authority to either redeem such capital stock for cash or to require the transfer of the capital stock of such stockholder into a Certificate of Participation as herein defined of an equal face value. All Member's Equity Credits of such stockholder shall be considered for redemption as herein provided. If, in the future, the Certificate of Participation holder moves back into the Trade Territory, they may pay the annual membership fee, as determined by the Board of Directors, to convert the Certificate of Participation back to stock. Full voting and shopping rights and other assigned privileges will be reinstated.

Section 6. Failure to Patronize. If any stockholder ceases to patronize the Cooperative for a period of one year, said stockholder shall be ineligible to hold capital stock of this Cooperative, and shall forfeit any rights or privileges on account of such stock and the right to participate in the management of the affairs of the Cooperative. The Board of Directors shall cancel all shares owned by him/her, and shall either pay to him/her the par or book value of the stock, whichever is less, or issue to him/her a Certificate of Participation of equal face value. The Notice of Cancellation shall be sent to the stockholder by first class mail at his/her last known post office address according to the records of the Cooperative. All Member's Equity Credits of such stockholder shall be considered for redemption as herein provided. If, in the future, the Certificate of Participation holder would like to rejoin the Cooperative as a stockholder, they may pay the annual membership fee, as determined by the Board of Directors, to convert the Certificate of Participation back to stock. Full voting and shopping rights and other assigned privileges will be reinstated.

Section 7. Death of a Stockholder. When a stockholder dies the Cooperative shall redeem his/her capital stock by paying to his/her personal representative the par or book value of the stock, whichever is less. The Board of Directors shall redeem the stock of a deceased stockholder within 90 days after the close of the fiscal year in which an application for redemption by reason of such death is received. All Member's Equity Credits of such stockholder shall be considered for redemption as herein provided.

Section 8. Withdrawal of a Stockholder. Any stockholder may withdraw from the Cooperative, and, upon due notice to the Board of Directors of such withdrawal, the Cooperative shall redeem his/her capital stock at the par or book value thereof, whichever is less, by issuing to him/her a Certificate of Participation of equal face value. All Member's Equity Credits of such stockholder shall be considered for redemption as herein provided. If, in the future, the Certificate of Participation holder would like to rejoin the Cooperative as a stockholder, they may pay the annual membership fee, as determined by the Board of Directors, to convert the Certificate of Participation back to stock. Full voting and shopping rights and other assigned privileges will be reinstated.

Section 9. Participating Patron. Any firm, partnership, corporation, or association who is not an individual patron, and is ineligible to become a stockholder, may apply to the Board of Directors to become a participating patron. Upon acceptance as a participating patron by the Cooperative, such person shall pay One Hundred Dollars (\$100.00) for a Certificate of Participation issued by the Cooperative and shall sign an individual consent form, stating his/her social security or identification number and stating that he/she will comply with the consent provisions of Section 11 of this Article. A participating patron shall be eligible to receive patronage refunds on his/her patronage. Holders of Certificates of Participation shall have no voting rights.

Section 10. Death of a Participating Patron. When a participating patron dies the Cooperative shall redeem his/her Certificates of Participation by paying to his/her personal representative the face value thereof. The Board of Directors shall redeem the Certificate of Participation of a