

TO: THE NEBRASKA DEPARTMENT OF BANKING AND FINANCE

**NOTICE OF INTENTION TO ISSUE SECURITIES
PURSUANT TO SECTION 8-1111(15)**

RECEIVED
DEPT. OF BANKING
AND FINANCE

JAN 19 2006

LINCOLN, NEBRASKA

The Cooperative named below claims the exemption from registration of securities to be issued as a part of its member enrollment program with the Department of Banking and Finance provided by Section 8-1111(15) and Title 48, Chapter 16, and for the purpose thereof informs the Department as follows:

- (1) **Name and Address of Cooperative:**
NEBRASKA FOOD COOPERATIVE, INC.
2049 M Road
West Point, Nebraska 68788
- (2) **Incorporation:** | X | § 21-1301 | | § 21-1401
Date of Incorporation: January 18, 2006.
- (3) **Amount of Authorized Capital Stock:** The capital stock of this Cooperative shall be One Hundred Thousand Dollars (\$100,000.00) divided into one thousand (1,000) shares of common stock with a par value of One Hundred Dollars (\$100.00) each, which shall be fully paid when issued.
- (4) **Type of Securities to be Issued:** As a part of its organization, the Cooperative will offer common stock to agricultural producers and consumers of agricultural products to provide a marketing forum for the sale of such products. The common stock will be issued only to residents of the State of Nebraska. Stockholders may be assessed memberships fees on an annual basis to be determined by the Board of Directors in order to buy or sell products through the marketing forum. Each member must purchase one share common stock to participate in the affairs of the Cooperative.
- (5) **Value of Securities to be Issued:** The initial offering will be for not more than 1000 shares of common stock for a total value of \$100,000.00.
- (6) **To Whom Sales Will Be Made:** The memberships of the Cooperative will be offered to agricultural producers/growers located in Nebraska and consumers who want access to those products grown by the agricultural producer/grower members. All stockholders must be Nebraska residents, who pay an annual membership fee, and patronize the Cooperative at least annually.

- (7) **Method of Sale:** No salesman or broker will be involved in the sale of the memberships and no commissions or other remuneration will be paid. The sponsors of the Cooperative, who are agricultural producers/growers and consumers of such products will inform other eligible members about the Cooperative and its purposes.
- (8) **Persons Involved in the Sale of Securities:** The Officers and Board of Directors of Nebraska Food Cooperative, Inc. will be involved in the presentations relating to memberships in the Cooperative. Those persons are:

Libby Broekemeier
6214 California St.
Omaha, NE 68132

Shannon Moncure
3740 Everett St.
Lincoln, NE 68506

Roy Alan Guisinger
45150 State Highway 52
Belgrade, NE 68623

Brian O'Malley
710 South 153rd Circle
Omaha, NE 68154

David L. Hansen
H C 69 Box 112
Anselmo, NE 68813

Bruce Reynolds
15429 Adams St. #304
Omaha, NE 68137

Jim Knopik
RR1 Box 47
Belgrade, NE 68623

Liz Sarno
2351 Road 43
Linwood, NE 68035

Kevin Loth
2201 West Denton Rd
Lincoln NE 68523

Randall Wattermann
2049 M Road
West Point, NE 68788

- (9) **Financial Statements:** Attached to the Member Information Statement are pro-forma financial projections for the first two years of operations.

- (10) **Use of Proceeds:**
The proceeds from the issuance of the common stock of Nebraska Food Cooperative, Inc. will be used as equity capital and to cover start up and operating expenses as may be required.

The *Member Information Statement* that contains the Cooperative's Articles of Incorporation and Bylaws. All of these documents will be made available to the prospective members of Nebraska Food Cooperative, Inc.

Dated: January 16, 2006.

NEBRASKA FOOD COOPERATIVE, INC.

By: 
Randall Watermann, Chairman

**NEBRASKA FOOD COOPERATIVE
WEST POINT, NEBRASKA
MEMBER INFORMATION STATEMENT**

INTRODUCTION

This Information Statement was prepared for the purpose of informing the members of Nebraska Food Cooperative (“NFC”) about their status, obligations and responsibilities associated with membership interests in the Cooperative.

THE PROJECT

The market for local sustainably produced foods is increasing nationwide and one of the most challenging aspects for marketing local foods can be distribution. There are many venues for marketing local foods such as farmers markets, road side stands, on farm stores, direct marketing, and some retail grocery stores. Although these markets provide consumers and producers the opportunity to interact, the challenge to create a one-stop-shop for year round purchasing and selling of local foods is not met by these markets. A new model for selling, purchasing and distributing local foods has shown great potential to meet the needs of both the consumer and producer.

Market research indicates that Nebraska farmers/ranchers can sell their products online through a computer software program and distribution system developed by the Oklahoma Food Cooperative. With increasing fuel prices adding to production and distribution costs, farmers/ranchers face a challenging environment for profitably marketing and distributing their locally-produced products to consumers. NFC aims to aid farmers/ranchers through its cooperative marketing and distribution activities. The convenience of placing an order online year round from a variety of local farmers/ranchers, pay only one bill and receive purchased items at one time makes buying locally easier for consumers.

NFC is a farmer/rancher and consumer owned marketing and distribution cooperative with its primary focus on the sale of sustainably-produced Nebraska products to Nebraska consumers.

At this time the cooperative will offer once a month purchasing and distribution in the eastern third of the state. The long term vision is to replicate/expand the cooperative and offer more frequent ordering cycles.

The concept is to have Members located in Nebraska that consume and/or grow produce, meats, dairy, and grains. Non-members would also be capable of marketing and purchasing products through the Cooperative. Non-members would be afforded the opportunity to sell/purchase their products through NFC at a higher annual user fee. Producers are responsible for listing their products (descriptions and prices), receiving and sorting orders, and maintaining a webpage within the Nebraska Food Cooperative website describing their business and products. The cooperative may complete some web pages for Members for an additional fee. Consumer members are responsible to reviewing sellers' descriptions, placing orders on time, and paying the cooperative for orders.

The process for buying and selling locally produced foods through NFC is as follows: NFC will operate a website, which is currently hosted by Symonds.net (California) but may eventually be moved to a provider in Nebraska that will serve as the central point for buying and selling transactions. Each selling member of NFC will have a page on the website where they provide information about their production practices, and farm. Products available for sale from each selling member will be listed on the site by product category and by individual farm. A consumer can browse through products using either means. NFC, at least initially, will operate using a once-a-month order and delivery cycle. Each month selling members will enter into the website database inventory numbers for the products they have available for sale. That will be followed by a one-week order window when purchasing members browse through the products available for sale and place orders. Once the ordering is completed and the one-week window closes, each selling member will log-in to the website, view their orders, print delivery day labels and invoices, compile each purchasing member's product order, and store them until delivery day.

Each selling member is responsible for getting their product orders to the delivery day sorting location in Lincoln on the designated delivery day. Selling members will be categorized by the closest route hub (town/city). At startup, Omaha, Lincoln, Norfolk, Kearney/Grand Island/Hastings, Southeast Nebraska/Beatrice, and Oakland/Fremont will serve as route hubs. Each route hub will have a manager. The route manager will assist selling members on that route to coordinate/cooperate with other cooperative members near their route hub in aggregating product orders and sharing transportation to the delivery day sorting location in Lincoln. The location/facility for sorting is still being determined but will either be a church or farm store on the outskirts of Lincoln.

Route drivers who transport product orders from multiple selling members will have the option of being paid mileage. Once all product orders have arrived at the sorting location in Lincoln, they will be sorted according to the purchasing member. For example, if Member A purchased products from at least one different selling member on each route, Member A's final order bag would include approximately ten 'packages' at the end of sorting as they came from ten different locations.

Each selling member is paid for his/her product orders on delivery day by NFC. At no time does NFC anticipate taking title to the products. NFC instead acts as a clearinghouse and facilitator for the producing and purchasing members. Sorting will be accomplished using the order labels that each selling member printed from the website. Each label will have selling member, product and delivery information on it so it can be traced to the selling member. Refrigerated and frozen items will be transported and stored using a combination of on-site refrigerator/freezers, dry ice in portable coolers, freezers in trailers, and refrigerated trucks. Sorting will be completed by delivery day volunteers who receive work credits that can be redeemed toward purchases from the cooperative.

Once all sorting is complete at the Lincoln sorting location, cooperative members who transported selling members' product orders into the sorting location will transport the compiled purchasing members' orders located along their route back to various pick up sites and route hubs (towns/cities). They will have the option of being paid mileage. Purchasing members will have a window of time in which to pick up their completed orders. Each purchasing member will pay for their order when it is picked up, either by delivering or mailing a check to NFC, or by using a credit card. Orders not picked up will be stored by the each route manager.

The on-going operations of the cooperative are funded by annual member fees and sales and delivery fees. A 5% sales and delivery fee is deducted from each selling member's invoice and added to each purchasing member's invoice. Invoices are generated by the website software. Any necessary adjustments for order shortages will be made by a delivery day bookkeeper. The cooperative will be managed by an elected Board. It will be operated by the volunteer members of the cooperative.

NFC will also provide education and reference material for members and non-members to increase awareness of local sustainable foods.

NFC anticipates having at least 150 members to sell and buy products grossing \$125,000.00 in sales during the first year with an estimated 14% annual growth rate. The potential member base includes the entire eastern third of Nebraska. By cooperating together NFC will enable the farmer/rancher and consumer to buy and sell year round while offering a convenient ordering/delivery system, which will allow for more local food purchases and increase the income of small/midsize sustainable farms/ranches in Nebraska.

NFC's goal will be to improve small-farm profitability by creating a market and distribution system to support the purchasing of local, sustainable Nebraska products.

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SUMMARY OF THE OFFERING

Nebraska Food Cooperative (“NFC”) was formed for the purpose of creating alternative year round markets with a distribution system. NFC was formed as a Nebraska Cooperative. The Articles of Incorporation and Bylaws of NFC are attached hereto as Exhibits “A” and “B” respectively.

This Offering is being made available to Nebraska agricultural farmers/ranchers and consumers who wish to become stockholders. One share of common stock per Member will require an investment of \$100.00 in NFC. An additional \$20.00 annual fee will also be required from members. This fee is waived the first year of membership. Membership will also require the stockholder to enter into an Agreement with NFC that commits the producer Member to agree to a set of standards, to be developed for each product, regarding the production of their product to be outlined in a Producer Handbook, and commits consumer Members to agree to a set of consumer responsibilities, to be outlined in a Consumer Handbook.

The Offering is for a maximum of 1000 Members for total Membership equity of \$100,000.00. It is anticipated that one hundred twenty (120) to one hundred fifty (150) Stockholders will be realized in the first year.

HOW THE PROCEEDS OF THE OFFERING WILL BE USED

The Nebraska Food Coop, in its first year of existence, anticipates raising \$11,000 in membership equity, \$3,120 in non-member patron annual fees, and \$12,522 in sales and delivery fees from ongoing operations. These figures are based on the assumptions that there will be 110 members joining in the first year, 78 non-member patrons, and \$125,220 in annual sales.

The capital and patron fees will be used to fund initial startup costs, as well as ongoing operations while sales build to a level that sustains ongoing activity. Major areas of anticipated expense include mileage paid for delivery routes (\$6,221) and work credits for volunteer hours spent in organizing and executing the functions of the coop, primarily related to the intake, sorting and organizing of orders on the monthly delivery day (\$5,400). Delivery supplies and postage add another \$1,436 in annual costs related directly to sales.

For general and administrative expenses, supplies, insurance, website maintenance, and legal and professional fees combined are anticipated to cost \$2700.

Other anticipated capital expenditures include purchase of several dozens of ice chests to safely transport refrigerated and frozen goods, totaling \$2500, marketing and advertising expenditures of \$3000 for brochures, logo development, radio advertising and website promotion, and \$2000 for computer hardware and software.

SPECIAL CONSIDERATIONS

Any further Members' Equity Credits that may be issued by NFC would be issued in the form of patronage allocations to the patrons at the discretion of the Board of Directors of NFC. The Stock and Member's Equity Credits may only be redeemed, to the holder thereof pursuant to the terms, conditions and restrictions set forth in the Articles of Incorporation and By-Laws of NFC.

THE OFFERING and MEMBERSHIP COMMITMENT

Requirements for membership include:

- A. Purchase of a share of common stock of \$100.00.
- B. Agreement to abide by the Producer standards for production and consumer standards or use of the cooperative for purchasing purposes.
- C. Payment of annual membership fee.

The Board of Directors may establish an annual membership fee that would be used to defray the operating expenses of the Cooperative. Any annual membership fee would not be considered an equity contribution to the Cooperative nor would it be added to a Member's stock value or value of Members' Equity Credits earned in the Cooperative by a Member through his or her patronage of the Cooperative. Payment of annual membership fees, if any, would simply qualify the Members to remain voting Members and to receive the benefits of Membership. Any annual membership fee would not be refundable to the Members.

INVESTMENT RISK

A "Spring 2006" Pro-Forma financial statement for the first year of operations is attached hereto as Exhibit "C". A "Spring 2007" Pro-Forma financial statement is attached hereto as Exhibit "D". *These are estimates only.* This is a start-up enterprise. **The return or redemption of Stock and Member's Equity Credits are subject to the discretion of the Board of Directors and restrictions set forth in the By-Laws and are not assured.**

THE MEMBERSHIPS AND MEMBERS' EQUITY CREDITS OF NEBRASKA FOOD COOPERATIVE HAVE NOT BEEN REGISTERED FOR SALE UNDER ANY FEDERAL OR STATE LAWS REGULATING THE ISSUANCE OF SECURITIES, BUT ARE BEING OFFERED AND SOLD IN RELIANCE UPON SECURITIES AND TRANSACTIONAL EXEMPTIONS FROM THE REGISTRATION PROVISIONS OF SUCH

LAWS. NO FEDERAL OR STATE AGENCY HAS APPROVED OR RECOMMENDED PURCHASE OF THE MEMBERSHIPS OR BASE CAPITAL CREDIT UNITS, PASSED UPON THE FAIRNESS OF THE TERMS OF THIS INFORMATION STATEMENT OR THE ACCURACY OR ADEQUACY OF THE MATTERS SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

As stated in the Bylaws, there is **no right to transfer** Stock or Members' Equity Credits of NFC. Redemption of common stock and Members' Equity Credits is solely at the discretion of the Board of Directors of the Cooperative and subject to the restrictions set forth in the Articles of Incorporation and By-Laws.

READ ALL OF THE DOCUMENTS CAREFULLY.

Randall Wattermann
2049 M Road
West Point, NE 68788

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2351 Road 43
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6214 California St.
Omaha, NE 68132

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2201 West Denton Rd
Lincoln NE 68523

Roy Alan Guisinger
45150 State Highway 52
Belgrade, NE 68623

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Lincoln, NE 68506

David L. Hansen
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Anselmo, NE 68813

Brian O'Malley
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Omaha, NE 68154

Jim Knopik
RR1 Box 47
Belgrade, NE 68623

Bruce Reynolds
15429 Adams St. #304
Omaha, NE 68137

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**ARTICLES OF INCORPORATION
OF
NEBRASKA FOOD COOPERATIVE, INC.
West Point, Nebraska**

To further the purpose of organizing as a cooperative corporation pursuant to Sections 21-1301 et seq. R.R.S. 1943, and Sections 21-2001 et seq. R.R.S. 1943, the following Articles of Incorporation are adopted.

ARTICLE I

Name

The name of this Cooperative shall be **Nebraska Food Cooperative, Inc.**

ARTICLE II

Registered Office and Registered Agent

The registered office of this Cooperative shall be 2049 M Road, West Point, Nebraska 68788. The registered agent at such address shall be Randall Wattermann.

ARTICLE III

Purposes and Powers

Section 1. The purposes for which this Cooperative is organized are:

- A. To conduct all lawful business in accordance with the principles of consumer-producer cooperation in the mutual benefit of the corporation's members through the production, purchase, sales, storing and distribution of merchandise or services, primarily sales of food and agricultural products to the membership.
- B. To obtain and disseminate information to its stockholders and patrons concerning cooperation, more efficient product marketing, the use of natural, organic or similar food products, supplies and infrastructure, and other matters concerning cooperation.
- C. To generally pursue any course of conduct and activity which cooperative corporations organized under the laws of the State of Nebraska can pursue.

Section 2. This Cooperative shall have and exercise all of the powers and rights conferred upon corporations organized and existing pursuant to the provisions of Sections 21-1301 et seq. R.R.S. 1943, and Sections 21-2001 et seq. R.R.S. 1943, and any enlargements of such powers conferred by subsequent legislative acts. In addition thereto, the Cooperative shall have and exercise all the powers and rights as are necessary, suitable, proper, convenient or expedient to the attainment of the purposes of the Cooperative.

ARTICLE IV
Capitalization

Section 1. The authorized capital stock of this Cooperative shall be One Hundred Thousand Dollars (\$100,000) divided into One thousand (1000) shares of common stock with a par value of One Hundred Dollars (\$100.00) each, which shall be fully paid when issued.. Dividends on the capital stock shall be fixed but shall not exceed eight percent per annum of the amount actually paid thereon.

Section 2. No stockholder shall own, either directly or indirectly, more than five percent of the paid up capital stock of the Cooperative. The Board of Directors of the Cooperative shall have the authority to further limit the number of shares which may be held by any stockholder, and may require that any equity capital in excess of such limit be transferred into Member's Equity Credits of equal face value.

Section 3. Each stockholder is entitled to one vote in the affairs of this Cooperative.

Section 4. The capital stock of this Cooperative may be purchased, owned and held only by persons who are residents of the State of Nebraska, who patronize the Cooperative annually and pay a membership fee annually as provided for in the By-laws.

Section 5. Any patron of this Cooperative ineligible to hold capital stock may be issued a Certificate of Participation, granting such patron all the rights and privileges of a stockholder, except that the holders of Certificates of Participation shall not be eligible to vote. Such patron shall be deemed a participating patron. Patrons may be assessed a user fee annually at the discretion of the Board of Directors.

Section 6. No stockholder shall have a preemptive right to acquire unissued shares of the capital stock of this Cooperative.

ARTICLE V
Duration

The existence of this Cooperative shall be perpetual.

ARTICLE VI
Directors

Section 1. The number of members of the Board of Directors and the manner of their election shall be set forth in the By-laws.

Section 2. No director shall have personal liability to the Cooperative or its stockholders for monetary damages for breach of fiduciary duty as a director, provided, however, this provision shall not eliminate the liability of the director for:

- a. Any act or omission not in good faith which involves intentional misconduct or a knowing violation of law;
- b. Any transaction from which the director derived an improper direct or indirect financial benefit;
- c. Paying a dividend or approving a stock repurchase which was in violation of law;
- d. Any act or omission which violates a declaratory or injunctive order obtained by the Cooperative or its stockholders; and
- e. Any act or omission occurring prior to the date this provision becomes effective.

The foregoing provision shall not limit the Cooperative from providing any other indemnification permitted by law nor shall it be deemed inclusive of any other rights to which the director may be entitled under any by-law, agreement, or vote of stockholders. The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director of the Cooperative against any liability asserted against him or incurred by him in such capacity or arising out of his/her status as a director whether the Cooperative would have the power to indemnify him against such liability under the provisions of law or this Article.

Section 3. No person shall lose his/her status as a director covered by the provisions of Section 2 hereof by reason of his/her serving as the Chairperson, Vice-Chairperson or Secretary-Treasurer of the Cooperative. The persons holding such offices do not exercise management control or functions for the Cooperative and their activities are limited to serving as officers of the Board of Directors.

ARTICLE VII
By-laws

The stockholders shall adopt By-laws for the Cooperative, and may authorize the Board of Directors to amend the By-laws.

ARTICLE VIII
Distribution of Earnings

Section 1. After deducting all expenses which are lawfully deductible or excludable in determining the margins of the Cooperative, the Board of Directors shall establish and deduct reasonable amounts for reserves, at such rates as shall be provided in the By-laws.

Section 2. From the remaining net margins, the Board of Directors may pay dividends on the paid up capital stock at a rate fixed in the By-laws, which rate shall not exceed eight percent per annum. The dividends on capital stock shall be non-cumulative from year to year.

Section 3. The remaining net margins shall belong to and be held for the patrons of the Cooperative, and shall be apportioned among them on patronage basis and paid to them at the close of each fiscal year, as provided in the By-laws. The By-laws shall set forth a detailed statement of the methods to be followed in distributing savings.

ARTICLE IX
Amendments

These Articles of Incorporation may be amended by a two-thirds vote of the stockholders present and voting on such amendments at a meeting called for that purpose.

ARTICLE X
Incorporators

Libby Broekemeier
6214 California St.
Omaha, NE 68132

Roy Alan Guisinger
45150 State Highway 52
Belgrade, NE 68623

David L. Hansen
H C 69 Box 112
Anselmo, NE 68813

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Liz Sarno
2351 Road 43
Linwood, NE 68035

Randall Wattermann
2049 M Road
West Point, NE 68788

Dated January 16, 2006

NEBRASKA FOOD COOPERATIVE, INC.

By: 
Randall Wattermann, Chairman

**BY-LAWS
OF
NEBRASKA FOOD COOPERATIVE, INC.
West Point, Nebraska**

**ARTICLE I
Standards of Operations**

This Cooperative shall be a cooperative corporation instituted to promote and provide a medium for unity of effort by the stockholders and patrons of the Cooperative in purchasing natural, organic or related products. This Cooperative shall have power to conduct all lawful business as allowed by the Nebraska Business Corporation Act, *Neb. Rev. Stat.* Section 21-2001 et seq. and *Neb. Rev. Stat.* Section 21-1301 et. seq.

**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.

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.

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.

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 deceased patron 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 patron shall be considered for redemption as herein provided.

Section 11. Consent. Each person who hereafter applies for and is accepted as a stockholder or participating patron of this Cooperative and each stockholder or participating patron of this Cooperative on the effective date of this By-law provision who continues as a patron after such date shall, by such act alone, consent that the amount of any distributions with respect to his/her patronage occurring after October 1, 2005 and which are made in written notices of allocation (as defined in 26 U.S.C. 1388), and which are received by him/her from the Cooperative, will be taken into account by him/her at their stated dollar amounts, in the manner provided in 26 U.S.C. 1385(a), in the taxable year in which such written notices of allocation are received by him/her.

Section 12. Voting Rights. In all matters of business, each stockholder shall be entitled to one vote only, regardless of the number of shares he/she may hold. Shares held by two or more persons as joint tenants or tenants in common shall be entitled to one vote only. The person designated to vote the Share will be designated by the stockholder in writing to the corporation. Such designation shall continue in effect until revoked or changed by the stockholder.

Section 13. Member's Equity Credits. The Member's Equity Credits of this Cooperative shall be a permanent capital investment on the part of the patron subject to redemption only as herein provided. Upon the issuance of a share of capital stock or a Certificate of Participation, all the remainder of each patron's equity in the Cooperative shall be represented by Member's Equity Credits.

Section 14. Redemption of Member's Equity Credits. It shall be the policy of the Cooperative, when other redemption priorities set forth herein have been met, and when funds are available, to redeem in cash, at the discretion of the Board of Directors, a percentage of each stockholder's and patron's Member's Equity Credits, or the oldest outstanding Revolving Fund Credits based upon the year in which the credit was granted. Such redemption may be either in full or in part for the specified year. The time and method of redemption shall be determined by the Board of Directors.

The Cooperative shall give priority to redemption of Member's Equity Credits held by deceased persons for the settlement of their estates. The Cooperative may thereafter grant priority of redemption to the Member's Equity Credits of those stockholders or patrons who have moved from the trade territory or no longer patronize the Cooperative. The time and method of such redemption shall be determined solely by the Board of Directors, dependent upon the financial condition of the Cooperative and the conditions established.

The Board of Directors shall consider all requests for redemption of Member's Equity Credits within 90 days after the close of the fiscal year in which the request is received. In all cases of priority redemption of Member's Equity Credits, the funds to be expended by the Cooperative shall be paid pro-rata as a percentage of each eligible equityholder's account or the Board of Directors may give a preference to the oldest equityholder.

In the case of a corporation or a partnership holder of Member's Equity Credits, the priority of redemption shall be determined by the "look-through" principle, whereby such corporation or partnership shall be considered eligible for priority treatment to the same extent as the individual stockholders of such corporation or partners of the partnership would have qualified if each individual stockholder or partner were an individual stockholder-patron of this Cooperative. The amount of any such redemption shall be determined by the percentage of ownership interest as reported annually to the Cooperative. Any redemption will be made to the corporation or partnership, and not to the individual stockholder or partner thereof. Each corporation or partnership shall report annually the percentage of ownership interest in the corporation or partnership of each of its stockholders or partners. Failure to report the percentage of individual ownership interest will disqualify any allocations made to the corporation or partnership by this Cooperative from redemption priority. If a corporation or partnership should dissolve, its Member's Equity Credits in this Cooperative shall be prorated among and transferred to the individual stockholders or partners and considered for redemption on an individual ownership basis.

When two or more persons are holders of Member's Equity Credits of this Cooperative as tenants in common, without a designation of rights of survivorship, they shall be deemed by this Cooperative to be acting as partners and shall be subject to the same requirements as a partnership. If the equityholder is a trustee, it shall be deemed by this Cooperative to be acting for the benefit of the beneficiaries of the trust, and the trustee and beneficiaries shall be subject to the same requirements as a corporate stockholder to permit application of the "look-through" principle.

Member's Equity Credits in this Cooperative held in joint tenancy with rights of survivorship shall be considered for priority of redemption according to the qualification of the youngest member of the joint tenancy or of the survivor, in the event of death of one of the joint tenants.

The Board of Directors may establish separate standards for the redemption of Member's Equity Credits held by patrons whose business activity with the Cooperative has caused the Cooperative to sustain a loss because of non-payment or uncollectibility of amounts owed to the Cooperative.

Any person given priority for redemption of Member's Equity Credits under any of the provisions hereof, shall not receive another priority on any subsequent date, except for the settlement of the estate of such person.

In all cases, it shall be the policy of this Cooperative to redeem a minimum of Ten Dollars (\$10.00) or the total, whichever is less.

Section 15. Source of Allocated Savings. The annual net savings of the Cooperative which may be apportioned among the patrons result primarily from (a) local operations and (b) patronage from vendor or supplier cooperatives. The redemption of deferred patronage by the issuing supplier cooperatives is beyond the control of the Board of Directors. Therefore, the Board of Directors may establish policies and practices for the allocation and redemption of Member's Equity Credits in order to recognize the difference in the character of the assets held by the Cooperative and the resulting impact on availability of current funds for equity redemption purposes.

To enable the Cooperative to fairly and consistently deal with the different sources of savings, the records for Member's Equity Credits maintained by the Cooperative and reports to the equityholders may state what portion of such Member's Equity Credits resulted from the allocation of net savings from local operations and what portion resulted from the allocation of patronage from regional cooperatives.

Section 16. Abandoned Equity Interests. The capital stock, Certificates of Participation, Member's Equity Credits or other equity or ownership interests in the Cooperative, regardless of how titled, held by an equityholder in the Cooperative resulting from the allocation of net savings shall automatically and without notice revert to the Cooperative or its successor in interest if (a) the equityholder or his/her heirs cannot be found after reasonable diligence is exercised by the Cooperative or (b) the equityholder or his/her heirs have not responded in writing to communications from the Cooperative concerning such ownership interests for a period of two years. The Cooperative shall, annually, include in its records evidence of the efforts made by it to contact such equityholder.

ARTICLE III Meetings of Stockholders

Section 1. Annual Meeting. The annual meeting of the stockholders shall be held in the state of Nebraska within the Cooperative's trade territory at such time and place as determined by the Board of Directors.

Section 2. Special Meetings. A special meeting of the stockholders may be held at any time or place upon the call of the Board of Directors. The Board of Directors shall be required to call a special meeting upon the written request of ten percent of the stockholders of this Cooperative.

Section 3. Notice of Meetings. Notice of all meetings of stockholders shall be mailed to each stockholder at his/her last known post office address according to the records of the Cooperative, at least ten days, but not more than fifty days, prior to the meeting, unless otherwise required by law.

Section 4. Quorum. A quorum at all meetings of stockholders shall consist of ten percent of the stockholders, but not more than fifty stockholders, nor less than five stockholders. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

Section 5. Order of Business. The order of business insofar as possible at the annual meeting and at special meetings shall include:

- (a) Verification of quorum.
- (b) Proof of notice of meeting.
- (c) Reading and disposal of minutes.
- (d) Reports of officers and committees.
- (e) Unfinished business.
- (f) New business.
- (g) Election of directors.
- (h) Adjournment.

Section 6. Voting. All questions shall be decided by a vote of a majority of the stockholders voting thereon, except as otherwise specifically provided by law. There shall be no voting by proxy or power of attorney. Mail ballots may be used on specific issues, provided that the ballots are received by the Secretary and counted at the same time as all other ballots are received.

ARTICLE IV Directors

Section 1. Election of Directors. The Board of Directors of this Cooperative shall consist of not less than five (5) nor more than twenty-one (21) members. Members of the Board of Directors shall be elected for Three (3) year terms. Annually, not less than 90 days prior to the next following annual meeting of stockholders, the Board of Directors shall establish the number of directors to serve for the next following year, provide for nominating districts, if any, and for the manner in which the election of Directors shall be held.

The members of the Board of Directors must be qualified stockholders and be actively patronizing the Cooperative on an annual basis. Any person designated a holder of capital stock held by joint tenants or tenants in common and the duly authorized representative of a corporation or partnership stockholder shall be eligible to serve as a director. No stockholder shall be eligible for the Board of Directors if he/she is in competition with, or is affiliated with an enterprise that is in competition with this Cooperative.

Section 2. Vacancies. In the event a member of the Board of Directors shall become ineligible to hold office, his/her office shall be declared vacant. Vacancies occurring on the Board of Directors by such declaration, resignation or death, shall be filled by appointment by the remaining members of the Board of Directors by a majority vote and for a term expiring at the next annual meeting, at which time the stockholders shall elect a director for the balance of the vacated term.

Section 3. Officers. The Board of Directors shall meet following each annual stockholders' meeting to elect a Chairperson, Vice-Chairperson, and Secretary-Treasurer. Each officer shall hold office for one year and until the election of a successor. Nominations for officers may be made by any member of the Board of Directors present. Election shall be by secret, written ballot and it shall require a simple majority of votes cast for election. Such officers shall be deemed the officers of the Board of Directors and not executive officers of the Cooperative. No person shall lose his/her status as a director covered by the provisions of Article VI, Section 2 of the Articles of Incorporation by reason of his/her services as Chairperson, Vice-Chairperson or Secretary-Treasurer.

Section 4. Directors' Meetings. Regular meetings of the Board of Directors shall be held at such place and time as the Directors may determine. At the annual organizational meeting, the Board of Directors may establish regular meeting dates for the year on which meetings shall be held without further notice.

Special meetings of the Board of Directors shall be held whenever called by the President or by a majority of the directors. Any and all business may be transacted at any special meeting.

Oral or written notice of each regular or special meeting of the Board of Directors shall be given each director at least twenty-four hours prior to the time of the meeting. Such notice may be waived by the directors, and the appearance of a director at a meeting shall constitute a waiver of notice.

Section 5. Quorum. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors.

Section 6. Compensation. At the annual organizational meeting, the Board of Directors may establish reasonable compensation for, and provide reimbursement for expenses of, the members of the Board of Directors.

Section 7. Indemnification. Each person, now or hereafter a director, officer or agent of this Cooperative, shall be indemnified by the Cooperative against all costs and expenses, including counsel fees, reasonably incurred by or imposed upon him/her in connection with or resulting from any action, suit, or proceeding, or the settlement thereof prior to final adjudication, to which he/she is or may be a party by reason of his/her being or having been a director, officer or agent of the Cooperative (whether or not a director, officer or agent at the time such costs or expenses are incurred by or imposed upon him/her), if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful. The right of indemnification herein provided shall be in addition to all other rights to which any such person may be entitled as a matter of law.

Section 8. Advisory Members. The Board of Directors may appoint one or more stockholders to serve as advisory members of the Board of Directors. Such persons shall have no voting rights. Their terms of office shall be stated at the time of their appointment.

ARTICLE V Duties of Directors

Section 1. Management of Business. The Board of Directors shall have general supervision and control of the business and the affairs of the Cooperative and shall make all rules and regulations not inconsistent with law or with these By-laws for the management of the business and the guidance of the patrons, officers, employees and agents of the Cooperative. They shall require an accounting system which shall be adequate for the requirements of the business, and shall require proper records to be kept of all business transactions.

Section 2. Employment of Manager. The Board of Directors may employ a general manager, define his/her duties, fix his/her compensation, and may dismiss him/her with or without cause at any time. The Board of Directors may authorize the employment of such agents and counsel as it from time to time deems necessary.

Section 3. Reports of Business. The Board of Directors shall present at each annual meeting of the stockholders a detailed report of the business of the preceding year. Such report shall show the financial condition of the Cooperative at the end of the fiscal year in such form as shall fully exhibit to the stockholders the assets and liabilities of the Cooperative and other facts and figures required to understand the Cooperative's financial results for the period.

Section 4. Bonds and Insurance. The Board of Directors shall require the manager and all other officers, agents and employees charged by the Cooperative with responsibility for the custody of any of its funds or negotiable instruments to give adequate fidelity bonds. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the Board of Directors. The cost thereof shall be paid by the Cooperative. The Board of Directors shall provide for the adequate insurance of the property owned by the Cooperative or stored by it, and not otherwise adequately insured, and liability insurance in the form and amounts normal for the activities of the Cooperative.

Section 5. Reports of Cash and Inventory. Prior to the close of every annual fiscal period for which an audit is made of the books and accounts of the Cooperative, the Board of Directors shall cause a complete inventory report to be prepared for use in the audit. Said report shall be certified as true and correct by those responsible for its preparation and made available to the auditor and maintained as a part of the permanent records of the Cooperative.

Section 6. Audits. The Board of Directors shall have an audit of the Cooperative made at least every five years, provided that an independent review of the financial records of the Cooperative are conducted annually, and at other times as they deem necessary. The audit shall meet these requirements:

- (a) The audit shall be performed by a competent, certified and licensed, independent public auditing and accounting firm employed by the Board of Directors of the Cooperative.
- (b) The audit shall be made in accordance with generally accepted auditing standards.
- (c) The auditor shall express an independent opinion as to the fairness of the financial statements taken as a whole, or clearly state why an opinion cannot be rendered.

The audit report shall be in written form and shall be presented to the Board of Directors and reviewed by them at a regular or special meeting. Each year each stockholder shall be given a summary financial statement based upon the annual audit.

Section 7. Depository. The Board of Directors shall select one or more banks as depositories of the funds of the Cooperative and determine the manner of receiving, depositing and disbursing the funds of the Cooperative and the form of checks and the person or persons by whom the same shall be signed.

Section 8. Marketing Agreements. The Cooperative may make marketing agreements with its stockholders and participating patrons requiring them to sell specified products through the Cooperative, or buy specified supplies through the Cooperative. Such agreements shall contain the terms and conditions required by Section 21-1304 R.R.S. 1943.

Section 9. Nepotism. No director or the immediate relative of the manager or of any director shall be regularly employed by the Cooperative, except by a unanimous approval of the Board of Directors.

Section 10. Credit Policy. The Board of Directors may establish and enforce a credit policy and fully inform the patrons of such credit policy.

Section 11. Committees. The Board of Directors may appoint such committees as may be necessary.

ARTICLE VI Duties of Officers

Section 1. Duties of President. The President shall preside over all meetings of the Cooperative and of the Board of Directors, call meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign such documents of the Cooperative as he/she may be authorized or directed to sign by the Board of Directors. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of Vice-President. In the absence or disability of the President, the Vice-President shall perform the duties of the President.

Section 3. Duties of the Secretary-Treasurer. The Secretary-Treasurer shall keep a complete record of all meetings of the stockholders and of the Board of Directors and shall have general charge and supervision of the records of the Cooperative. He/she shall sign such documents pertaining to the Cooperative as he/she may be authorized or directed to sign by the Board of Directors. He/she shall serve all notices required by law and by the By-laws and shall make a full report of all matters pertaining to his/her office to the stockholders at the annual meeting. The Secretary-Treasurer shall make such corporate reports required by law and shall perform such other duties as may be required of him/her by the Board of Directors. Upon the election of his/her successor, the Secretary-Treasurer shall turn over to him/her all books and other property belonging to the Cooperative that he/she may have in his/her possession.

ARTICLE VII
Management

Section 1. Duties of Manager in General. The manager shall be the administrator of the Cooperative's business affairs. Under the direction of the Board of Directors, the manager shall have general charge of the ordinary and usual business operations of the Cooperative, including the purchasing, marketing, and handling of all products, supplies and equipment handled by the Cooperative. He/she shall be authorized to execute in the name of the Cooperative all contracts and documents required to be made in the ordinary course of business. He/she shall conduct the business in such a manner that the patrons will receive just and fair treatment. The manager shall deposit all money belonging to the Cooperative in a bank selected by the Board of Directors and, if authorized to do so by the Board of Directors, shall make all disbursements by check therefrom for the ordinary and necessary expenses of the Cooperative in the manner and form prescribed by the Board of Directors.

Upon the appointment of his/her successor, the manager shall deliver to him/her all money and property belonging to the Cooperative which he/she has in his/her possession or over which he/she has control.

Section 2. Duties of Manager to Account. The manager shall maintain the records and accounts of the Cooperative in the form determined by the Board of Directors so that a true and correct condition of the Cooperative may be ascertained therefrom at any time. He/she shall render monthly and annual reports and statements in the form and manner prescribed by the Board of Directors. He/she shall carefully preserve all books, documents, correspondence, and records relating to the Cooperative's affairs which come into his/her possession.

Section 3. Duties of Manager Concerning Employees. The manager shall employ, supervise, and fix the compensation of all employees of the Cooperative, subject to the policies adopted by the Board of Directors. The manager may dismiss any employee when he/she deems such dismissal to be in the best interests of the Cooperative.

ARTICLE VIII
Distribution of Earnings

Section 1. Net Margins. The gross receipts of this Cooperative shall include all proceeds from goods sold to patrons, plus all sums received for supplies, equipment, and services procured for patrons, plus all income from all other sources. From the gross receipts shall be deducted all costs and expenses and other charges which are lawfully excludable or deductible from this Cooperative's gross income for the purpose of determining the amount of the net margins.

Section 2. Dividends. No dividends shall be paid on capital stock unless the Board of Directors decides to issue preferred stock, in which case no dividend shall exceed eight percent (8%) per annum.

Section 3. Deductions. The Cooperative shall deduct from said net margins as determined in Section 1 of this article (a) reasonable reserves for depreciation, bad debts, obsolescence, contingent losses, or for any necessary business purposes (b) ten percent (10%) of said net margins, which shall be added to retained savings, and (c) the net margins attributable to business done with or for persons who are not stockholders or participating patrons, the U.S. Government, or from other non-patron sources, if not distributed to the patrons, which shall be added to retained savings; to the extent that the net margins deducted pursuant to this subsection are sufficient, the retention for retained savings provided under subsections (a) and (b) herein shall be deducted from the non-patronage sources rather than from the net margins from transactions with stockholders or participating patrons.

Section 4. Apportionment to Patrons. The balance of said net margins, which remain after the deductions set forth in Section 3, shall be deemed to be the patrons' net margins. All of the patrons' net margins shall, as received by this Cooperative, belong to and be held for them and shall be apportioned among them on a patronage basis at the close of each fiscal year. In addition, the board of directors, at its discretion, may allocate and distribute all or a portion of the net margins attributable to business done with or for the U.S. Government, or from other non-patron sources.

Section 5. Computation. This allocation or appropriation shall be made on the basis of or in proportion to the amount or value of the products, supplies, equipment and services marketed for or sold to the stockholders and participating patrons. Different rates may be declared upon different classes of patronage.

The stockholders and participating patrons of this Cooperative have full knowledge of the method of allocating the earnings of the Cooperative.

Section 6. Provision for Equity Capital. The Board of Directors shall have the power to establish equitable procedures for acquiring and maintaining adequate equity capital to finance the business of the Cooperative. The share of each patron in the net margins of the Cooperative shall be payable to him/her at the close of each fiscal year, but the payment may be made by retention of a portion of the patrons' net margins in the equity capital of the Cooperative as determined by the Board of Directors.

Section 7. Special Provisions for Losses and Extraordinary Items. In the event that the Cooperative suffers a loss in any one year, the Board of Directors, in its discretion, may charge such loss against the retained savings contributed by those patrons whose patronage gave rise to such loss, or against the Member's Equity Credits and other equities held by those patrons whose patronage gave rise to such loss or assess such patrons the amount of such loss. If income or expense is attributable to extraordinary items, including gain or loss from business assets owned or investments held: (a) the amount thereof shall be allocated, insofar as is practicable, to the patrons of the Cooperative during the period to which such gain or loss is attributable, and (b) if such income or expense attributable to business done with or for patrons is includable in gross income for a fiscal year after the fiscal year during which such patronage occurred, the patronage may be deemed to have occurred during the Cooperative's fiscal year during which such income or expense is includable in gross income; provided that the Board of Directors may allocate or treat such extraordinary income or expense in such other manner as it, in its discretion, determines will provide equitable treatment to all patrons of the Cooperative.

ARTICLE IX Dissolution

Upon the dissolution of this Cooperative, all debts and liabilities shall first be paid according to their respective priorities. Any property remaining after discharging the debts and liabilities shall be distributed to the stockholders and participating patrons. If there is any capital accumulated as the result of deferred patronage, the holders thereof shall be paid before the holders of the capital stock and Certificates of Participation are paid. If funds are not sufficient to pay the holders of equity capital in full, it shall be distributed on a pro-rata basis without regard to time of investment. The remainder of the property shall be distributed among the patrons on the basis of their respective patronage as shown on the records of the Cooperative insofar as practicable.

ARTICLE X Waiver of Notice

Any stockholder may waive in writing any notice of a meeting required to be given by these By-laws. The attendance of a stockholder at any meeting shall constitute a waiver of notice of such meeting by such stockholder, except when the stockholder attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XII
Amendments

Section 1. These By-laws may be altered by a majority vote of the stockholders present and voting at any regular or special meeting, provided that notice of the intention to propose amendments shall have been given in the notice of a special meeting.

Section 2. The Board of Directors may amend the By-laws at any time, subject to ratification by the stockholders at the next regular or special meeting of the stockholders. An amendment made by the Board of Directors shall have full force and effect from the time the Board of Directors approves such amendment until acted upon by the stockholders, even though such amendment may be later rejected.

ARTICLE XIII
By-laws Distribution

These By-laws shall be duplicated and a copy thereof shall be delivered to each stockholder and participating patron.

The undersigned, Secretary of the Cooperative, hereby certifies that the foregoing is a true and correct copy of the Revised By-laws of the Cooperative adopted by the requisite vote of the stockholders of the Cooperative present at a meeting held _____, 200_.

Dated: _____, 200_

Secretary

Twelve-month profit and loss projection Year 1

	Fiscal Year Begins												YEARLY	%			
	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07					
Revenue (Sales)																	
Sales and delivery fees	\$ 700	\$ 749	\$ 801	\$ 858	\$ 918	\$ 982	\$ 1,051	\$ 1,124	\$ 1,203	\$ 1,287	\$ 1,377	\$ 1,473	\$ 12,522	80%			
Annual fees	\$ 2,000	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 3,120	20%			
Total Revenue (Sales)	\$ 2,700	\$ 829	\$ 881	\$ 938	\$ 998	\$ 1,062	\$ 1,171	\$ 1,244	\$ 1,323	\$ 1,407	\$ 1,497	\$ 1,593	\$ 15,642	100%			
Cost of Sales																	
Mileage	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 6,221	48%			
Work credits	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 5,400	41%			
Delivery supplies	\$ 70	\$ 71	\$ 73	\$ 75	\$ 76	\$ 78	\$ 79	\$ 81	\$ 83	\$ 84	\$ 86	\$ 88	\$ 944	7%			
Postage	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 492	4%			
Total Cost of Sales	\$ 1,079	\$ 1,081	\$ 1,082	\$ 1,084	\$ 1,085	\$ 1,087	\$ 1,089	\$ 1,090	\$ 1,092	\$ 1,094	\$ 1,096	\$ 1,097	\$ 13,057	83.5%			
Gross Profit	\$ 1,621	\$ (252)	\$ (201)	\$ (146)	\$ (88)	\$ (25)	\$ 82	\$ 154	\$ 231	\$ 313	\$ 401	\$ 496	\$ 2,585	16.5%			
Expenses																	
Salary expenses																	0%
Payroll expenses																	0%
Outside services																	0%
Supplies	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600	22%			
Repairs and maintenance																	0%
Advertising																	0%
Car, delivery and travel																	0%
Accounting and legal												\$ 1,200					0%
Rent																	0%
Telephone																	0%
Utilities																	0%
Insurance	\$ 300																0%
Taxes (real estate, etc.)																	0%
Interest																	0%
Depreciation																	0%
Website maintenance	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600	22%			
Other expenses (specify)																	0%
Other expenses (specify)																	0%
Misc. (unspecified)	\$ 400	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,300	\$ 2,700	100%			
Total Expenses	\$ 1,221	\$ (352)	\$ (301)	\$ (246)	\$ (189)	\$ (125)	\$ (18)	\$ 54	\$ 131	\$ 213	\$ 301	\$ (804)	\$ (115)	-1%			
Net Profit																	

Twelve-month profit and loss projection Year 2

	Fiscal Year Begins												Apr-07	Feb-08	Mar-08	YEARLY	%
	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08					
Revenue (Sales)																	
Sales and delivery fees	\$ 900	\$ 945	\$ 992	\$ 1,042	\$ 1,094	\$ 1,149	\$ 1,206	\$ 1,266	\$ 1,330	\$ 1,396	\$ 1,466	\$ 1,539	\$ 14,325	62%			
Annual fees	\$ 6,182	\$ 198	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 260	\$ 260	\$ 260	\$ 260	\$ 300	\$ 8,820	38%			
Total Revenue (Sales)	\$ 7,082	\$ 1,143	\$ 1,212	\$ 1,262	\$ 1,314	\$ 1,369	\$ 1,426	\$ 1,526	\$ 1,590	\$ 1,656	\$ 1,726	\$ 1,839	\$ 23,145	100%			
Cost of Sales																	
Mileage	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ 6,221	48%			
Work credits	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 5,400	41%			
Delivery supplies	\$ 70	\$ 71	\$ 73	\$ 75	\$ 76	\$ 78	\$ 79	\$ 81	\$ 83	\$ 84	\$ 86	\$ 88	\$ 944	7%			
Postage	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 492	4%			
Total Cost of Sales	\$ 1,079	\$ 1,081	\$ 1,082	\$ 1,084	\$ 1,085	\$ 1,087	\$ 1,089	\$ 1,090	\$ 1,092	\$ 1,094	\$ 1,096	\$ 1,097	\$ 13,057	56.4%			
Gross Profit	\$ 6,003	\$ 62	\$ 130	\$ 178	\$ 228	\$ 282	\$ 337	\$ 436	\$ 498	\$ 562	\$ 630	\$ 742	\$ 10,088	43.6%			
Expenses																	
Salary expenses																	0%
Payroll expenses																	0%
Outside services																	0%
Supplies	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600	22%			
Repairs and maintenance																	0%
Advertising																	0%
Car, delivery and travel													\$ 1,200	\$ 1,200	44%		
Accounting and legal																	0%
Rent																	0%
Telephone																	0%
Utilities																	0%
Insurance	\$ 300																11%
Taxes (real estate, etc.)																	0%
Interest																	0%
Depreciation																	0%
Website maintenance	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600	22%			
Other expenses (Specify)																	0%
Other expenses (Specify)																	0%
Misc. (unspecified)																	0%
Total Expenses	\$ 400	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,300	\$ 2,700	100%			
Net Profit	\$ 5,603	\$ (38)	\$ 30	\$ 78	\$ 128	\$ 182	\$ 237	\$ 336	\$ 398	\$ 462	\$ 530	\$ (558)	\$ 7,388	32%			

Exhibit "D"

Notes for Income Statements

1. Cooperative estimates beginning operations with 150 owner patrons and 50 participating patrons with a *monthly* growth rate for each of 5%-7% for the first two years of operations.
2. Cooperative estimates an initial average order size of \$50
3. Sales and delivery fees represent a 10% fee on sales volume that passes through the cooperative
4. Annual fees include fees from both participating patrons (\$40/yr.) and owner patrons (\$20/pr.)
5. Owner patron annual fees do not begin until year 2 of operation
6. Mileage calculated at \$0.445 per mile
7. Delivery day work credits calculated at \$7.00 per hour. Work credits are good toward purchases made from the cooperative
8. Monthly delivery day work credit expense represents an average over two years (lower in the beginning, higher at the end of year 2)
9. No personnel expense is expected to be incurred during the first two years of operation