

RESTATED
ARTICLES OF INCORPORATION
AND
BY-LAWS
OF
FARMERS COOPERATIVE ELEVATOR COMPANY
HEMINGFORD, NEBRASKA
AS AMENDED on April 29, 2010

NOTICE OF ADOPTION OF CONSENT BY-LAW

To each member and prospective member: This Cooperative has adopted the "consent" by-law. By retaining and obtaining membership in this Cooperative after its adoption of that by-law and your receipt of this notice you consent to include in your gross income, for Federal income tax purposes, the full face amount of each qualified written notice of allocation which you receive from this Cooperative to evidence your share of the Net Margins.

RESTATED
ARTICLES OF INCORPORATION

OF

FARMERS COOPERATIVE ELEVATOR COMPANY

HEMINGFORD, NEBRASKA

To further the purpose of organizing as a Cooperative pursuant to Sections 21-1301 et. seq. R.R.S. Neb., and Section 21-2001 et. seq. R.R.S. Neb., the following Restated Articles of Incorporation have been approved by the Board of Directors and received the required Stockholder approval for adoption.

ARTICLE I

Name

The name of this Cooperative shall be Farmers Cooperative Elevator Company (the "Cooperative").

ARTICLE II

Registered Office and Registered Agent

Section 1. The registered office of this Cooperative is P.O. Box 155, Hemingford, Box Butte County, Nebraska 69348. The Cooperative may have such other places of business as the Board of Directors may determine, within or without said State.

The present registered agent at such address shall be Tod Clark.

ARTICLE III

Purposes and Powers

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

- A. To buy, sell, handle, ship, manufacture, process, grade, market, store and warehouse agricultural products, equipment and supplies used or consumed in the production of agricultural products, and to carry on any related activity or business and to act as agent, broker, or representative for its stockholders and patrons.

- B. To obtain and disseminate information to its stockholders and patrons concerning cooperation, more efficient product marketing, and the use of agricultural products, supplies and implements, and other matters concerning agriculture and cooperation.
- C. To generally pursue any course of conduct and activity which cooperative Cooperatives organized under the laws of the State of Nebraska can pursue.

Section 2. The Cooperative shall have and exercise all of the powers and rights conferred upon cooperative marketing Cooperatives organized and existing pursuant to the provisions of Sections 21-1301 et seq. R.R.S., and Sections 21-2001 et seq. R.R.S., 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 Five Hundred Thousand Dollars (\$500,000.00) divided into twenty thousand shares of Twenty-Five dollars (\$25.00) each, which shall be fully paid up when issued and shall be non-assessable.

Section 2. No one stockholder shall own, either directly or indirectly, more than five percent (5%) of the paid up capital stock of this Cooperative.

Section 3. Each stockholder is entitled to but one (1) vote in the affairs of the Cooperative, regardless of the number of shares of stock which he may own at any time.

Section 4. The Board of Directors of the Cooperative shall have the authority to limit the number of shares which may be held by any stockholders, and may require that any equity capital in excess of such limit be transferred into Members' Equity Reserve Credits of equal per value.

Section 5. Any patron of the Cooperative ineligible to hold common stock may be issued a Certificate of Participation granting such patron all the rights and privileges of a common stockholder, except that such holder of a Certificate of Participation shall not be eligible to vote.

Section 6. The common stock of this Cooperative may be purchased, owned and held only by persons, firms, partnerships, corporations or associations, including both landlords and tenants in share tenancies who are bonifide producers of agricultural products in the trade territory served by this Cooperative, and who patronize the Cooperative annually.

Section 7. No stockholder shall have a preemptive right to acquire unissued shares of the capital stock of this Cooperative.

ARTICLE V

Duration

Section 1. This Cooperative commenced business September 4, 1919 and its duration shall be perpetual unless sooner dissolved according to law.

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 status as a director whether the Cooperative would have the power to indemnify him against such liability under the provisions of law of this Article.

Section 3. No person shall lose his status as a director covered by the provisions of Section 2 hereof by reason of his serving as the Chairman, Vice-Chairman 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

Section 1. The stockholders of this Cooperative shall have power to make, alter, or amend such By-laws as may be proper and necessary for the management of this Cooperative, and to define and limit the powers of the directors, officers and managers of this Cooperative and may authorize the Board of Directors to make, alter or amend such By-laws, subject to such limitations and regulations as shall be set forth in the By-laws.

ARTICLE VIII

Distribution of Earnings

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

Section 2. Interest in paid Up Capital Stock. From the balances remaining after complying with Section 1, as authorized in the By-laws, the Board of Directors may pay, dividends on the paid up capital stock at a rate not to exceed eight percent (8%) per annum provided, however, that any such dividend on such stock shall be non-cumulative from year to year.

Section 3. Patronage. The remaining net margins, after providing for the deductions under Sections 1 and 2 of this Article shall belong to and be held for the patrons and shall be apportioned among them on a patronage basis at the close of each fiscal year, as provided by the By-laws of the Cooperative. The By-laws of the Cooperative shall give a detailed statement of the methods followed in distributing earnings or savings.

ARTICLE IX

Seal

This Cooperative shall have no seal.

ARTICLE X

Amendments

These Articles of Incorporation may be amended by a two-thirds (2/3) vote of the shareholders present and voting on such amendments at any annual meeting or at any special meeting called for that purpose.

RESTATED BY-LAWS
OF
FARMERS COOPERATIVE ELEVATOR COMPANY
Hemingford, Nebraska

The following Restated By-laws were duly adopted by the requisite vote of the stockholders of the Cooperative present at a meeting held April 29, 2010, at which a quorum was present.

ARTICLE I

Standard of Opinion

This Cooperative shall be a cooperative agricultural organization instituted to promote and provide a medium for unity of effort by farmers and producers of agricultural products, including livestock, in the handling and marketing of grain and other agricultural products and to operate as provided in the Agricultural Marketing Act, approved June 15, 1929, as amended, and to do anything that is conducive to carrying out the policy of Congress as states in the Act, and also the Capper-Volstead Act, approved February 18, 1922, as amended.

This Cooperative shall have power to purchase, sell or otherwise deal in futures upon any grain, commodity, stock or thing, for the purpose of hedging its operation, but shall not engage in such operations for speculative purposes, and shall not have authority to do so.

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 producers of agricultural products within the trade territory of this Cooperative, which shall include lessors and landlords who participate in share tenancies, who patronize the Cooperative annually, may own the capital stock of this Cooperative.

The shares of stock and Certificates of Participation of this Cooperative shall be non-assessable. The Cooperative shall have a first lien upon the shares of stock and other equities issued to a stockholder or other patron for any and all debts and demands owing by said stockholder or patron to the Cooperative. No shares of stock or other equities may be surrendered or redeemed until said stockholder is free of all indebtedness to the Cooperative.

Section 2. Application for Shares. All applications for shares must be submitted to and approved by the board of directors before stock may be issued. Every applicant who applies for shares who is qualified to become a stockholder as defined by Section 1 of this Article shall be accepted unless the board of directors shall find for just and reasonable grounds 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 and Certificates of Participation the Cooperative shall notify each holder of capital stock, Certificates of Participation and other equity interests of the Cooperative of the amount of his ownership interest. Such notification shall set forth the name of the Cooperative, that it is a Nebraska Cooperative, the name of the registered owner, and the par or face value of the equity owned. The certification of ownership need not bear the signature of any officer of the Cooperative. When issued and delivered, such certification shall be conclusive proof that the registered ownership interests are valid and outstanding, and shall be binding upon the Cooperative.

Section 4. Non-transferability of Equity Interests. The equity interests issued by the Cooperative may not be assigned or transferred.

Section 5. Stockholders Moved from Trade Territory. Stockholders who have moved from the trade territory of the Cooperative, which trade territory shall be determined by the board of directors, shall immediately be ineligible to hold capital stock of this Cooperative and shall forfeit all rights and privileges on account of such stock and the board of director shall have the authority to require the transfer of the stock of any such stockholder into Certificates of Participation as hereinafter defined, of an equal value. All Members' Equity Credits of such stockholders shall be considered for redemption as herein provided. The ineligibility of a stockholder to hold capital stock as provided for herein shall not affect any right or lien which the Cooperative has against the moved stockholder or his equity interests for his indebtedness, if any, to the Cooperative.

Section 6. Failure to Patronize. If any stockholder ceases to patronize the Cooperative for a period of one (1) year, said stockholder shall immediately 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 and the board of directors shall cancel all shares owned by him by paying to him the par or book value of the shares, whichever is less, or by issuing to him a Certificate of Participation of equal value. Such notice of cancellation shall be sent to the stockholder by first class mail at his last known post office address according to the records of the Cooperative. All Members' Equity Credits of such stockholders shall be considered for redemption as herein provided. The ineligibility of a stockholder to hold capital stock as provided for herein shall not affect any right or lien which the Cooperative has against the ineligible stockholder or his equity interests for his indebtedness, if any, to the Cooperative.

Section 7. Death of Stockholder. When a stockholder dies, the value of his stock shall be paid to his personal representative at the par value. The board of directors shall take action upon requests for redemption of stock within ninety (90) days after the close of the fiscal year in which such application is received. All Members' Equity Credits of such stockholders shall be considered for redemption as herein provided. The death of a stockholder shall not affect any right or lien which the Cooperative has against the deceased stockholder or his equity interests for his indebtedness, if any, to the Cooperative.

Section 8. Withdrawal of Stockholder. Any stockholder may withdraw from the Cooperative, and upon due notice to the board of directors of such withdrawal, the par or book value of his shares of capital stock, whichever is less, as determined by the board of directors, shall be issued to such withdrawing stockholder in the form of a Certificate of Participation of equal value. All other equity interests of a withdrawing stockholder shall be considered and handled in the same manner and at the same time as such equity interests are redeemed for non-withdrawing stockholders. The withdrawal of a stockholder as provided for herein shall not affect any right or lien which the Cooperative has against the withdrawn stockholder or his equity interests for his indebtedness, if any, to the Cooperative.

Section 9. Participation Patron. Any person, firm, partnership, Cooperative, or Cooperative who is not an agricultural producer, may be issued a Certificate of Participation. Such patron shall be eligible to receive patronage refunds on his patronage. Holders of Certificates of Participation shall have no vote in any of the affairs of the Cooperative.

Section 10. Consent. Each person who hereafter applies for and is accepted to membership in this Cooperative and each stockholder of this Cooperative on the effective date of this By-law who continues as a stockholder after such date shall, by such act alone, consent that the amount of any distribution with respect to his patronage occurring after May 31, 1963, and which are made in qualified written notices of allocation (as defined in 26 USC 1388), and which are received by him from the Cooperatives, will be taken into account by him at their stated dollar amounts, in the manner provided in 26 USC 1385 (a), in the taxable year in which such written notices of allocation are received by him. (Originally adopted May 10, 1963.)

Section 11. Voting Rights. In all matters of business, each stockholder shall be entitled to one (1) vote only, regardless of the number of shares he may hold. Any corporation or partnership holding stock shall designate its voting delegate and the person declared eligible for service on the board of directors of this Cooperative. Such designation shall continue in effect until revoked or changed by the stockholder. Shares held by two or more persons as joint tenants or tenants in common shall be entitled to one (1) vote only.

Section 12. Members' Equity Credits. The Members' Equity Credits of this Cooperative shall be a permanent capital investment on the part of the patron subject to the redemption 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 Members' Equity Credits. Members' Equity Credits may be issued in series or classes as determined by the Board of Directors. The Board of Directors may establish priorities for the redemption of separate series or classes of Members' Equity Credits.

Section 13. Redemption of Members' 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 for cash each stockholder's and patron's Members' Equity Credits either by a percentage or ratably by years or both. The time and method of any such redemption shall be determined by the board of directors.

The Board of Directors may, by policy declaration, establish redemption practices and procedures, including determining those Members' Equity Credits that are eligible for redemption, based upon death, age, year earned, the equity capital requirements of the Cooperative, or other criteria. Such practices can be different for each series outstanding. The established practices shall be consistently applied for each series; provided however, such practices are subject to change and no equity holder shall have a vested right to claim redemption based upon any such policy declaration. The time, method, amount and series of redemptions of Members' Equity Credits shall be determined solely by the Board of Directors dependent upon the financial condition of the Cooperative and other business considerations. Any person given priority for redemption of Members' Equity Credits under any of the provisions hereof, shall not receive another priority on any subsequent date.

The board of directors may establish separate standards for the redemption of Members' Equity Credits held by patrons whose business activity with the Cooperative has caused the Cooperative to sustain a loss because of non-payment or uncollectability of amounts owed to the Cooperative.

Section 14. Look Through Principle. In case of a corporation, limited liability company, partnership or other equityholder that is not a natural person, the priority of redemption of such entities' shall be determined by the "look-through" principle, whereby such entities shall be considered eligible for priority treatment to the same extent as the individual stockholders, members or partners of such entities would have qualified if each individual stockholder, member 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 of the stockholder, member or partner in the equityholder entity as reported to the Cooperative. Any redemption will be made to the entity, and not to the individual stockholder, member or partner thereof. Each equityholder entity shall report the percentage of ownership interest in the entity of each of its stockholders, members or partners. Failure to report the percentage of individual ownership interest will disqualify any allocations made to the entity by this Cooperative. If an entity should dissolve, its Members' Equity Credits in this Cooperative shall be prorated among and transferred to the individual stockholders, members or partners and considered for redemption on an individual ownership basis.

When two or more persons are holders of Members' Equity Credits of this Cooperative as tenants in common without a designation of rights survivorship, they shall be deemed by this Cooperative to be acting as partners and shall be subject to the same requirements as a

partnership. When the equity holder 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.

Members' 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.

Section 15. Source of Allocated Savings. The annual net savings of the Cooperative which may be apportioned among the patrons result primarily from (a) annual local operations and (b) annual patronage from other cooperatives. The Board of Directors may establish policies and practices for the allocation and redemption of Members' Equity Credits in classes or series in order to recognize the difference in the character of the assets held by the Cooperative, the patronage commitment of the patron and the resulting impact on availability of current funds for equity redemption purposes.

Section 18. Reversion of Equity Interests. The Capital Stock, Certificates of Participation, Members' Equity Credits or other equity or ownership interests in the Cooperative, regardless of how titled, held by an equity holder in the Cooperative resulting from the allocation of net savings other than grain pool distributions, may, without notice, be declared to revert to the Cooperative or its successor in interest if the equity holder has not provided the Cooperative with his/her current mailing address and taxpayer identification number and that Cooperative, after reasonable attempts to communicate with the equityholder has not received a communication from the equityholder within any two year period.

ARTICLE III

Meetings

Section 1. Annual Meeting. The annual meeting of the stockholders shall be held within the trade territory of the Cooperative 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 within the trade territory of the Cooperative at a time or place upon the call of the board of directors; provided, however, that the board of directors shall be required to call a special meeting upon the written request of ten percent (10%) of the stockholders of the Cooperative.

Section 3. Notice of Meetings. Notice of all meetings shall be mailed to each stockholders at least ten (10) days, but not more than fifty (50) days, prior to the meeting, unless otherwise specified by law.

Section 4. Quorum. A quorum at all meetings shall consist of ten percent (10%) of the stockholders, but not more than fifty (50) stockholders, nor less than five (5) 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 all other meetings shall be:

- a. Verification of quorum.
- b. Proof of notice of meeting.
- c. Reading and disposal of minutes.
- d. Report 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 a stockholders voting thereon, except as specifically provided by law. There shall be no voting by proxy or by power of attorney. Mail ballots may be used in 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 seven (7) nor more than twenty-one (21) members; the Board of Directors shall from time to time establish the number of directors. The members of the Board of Directors must be actively engaged in farming operations on a regular basis. Any person named on a share of Capital Stock held by joint tenants or tenants in common and the duly authorized representative of a corporation or partnership stockholder may be eligible to serve as a director. No stockholder shall be eligible for the Board of Directors if he is in competition with, or is affiliated with an enterprise which is in competition with, this Cooperative.

Directors shall be elected by the stockholders for a term of three (3) years. Election shall be by secret ballot and it shall require a simple majority of votes cast in the election to elect Directors. The three (3) year terms of Directors shall be staggered, by dividing the total number of directors into three groups, with each group containing one-third (1/3) of the total number of Directors on the Board, as near as may be.

No director shall serve for more than three (3) consecutive terms, but after the lapse of one year shall again be eligible for nomination.

The Board of Directors may establish districts within the trade territory of the Cooperative from which candidates for the Board of Directors shall be selected and may adopt policies for the nomination and election of directors.

The Board of Directors may appoint a nominating committee preceding the annual meeting of stockholders. Notwithstanding the report of the nominating committee, every stockholder shall have the right to make nominations of persons to stand for election to the Board of Directors.

Section 2. Vacancies. The office of any member of the board of directors who retires from farming operations shall be declared vacant at the next annual meeting of the stockholders and his successor duly elected.

In the event a director shall become ineligible to hold office, his office shall be declared vacant. Vacancies occurring on the board of directors other than by expiration of term or retirement from farming, shall be filled by appointment by the remaining members of the board 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 term.

Section 3. Officers. The board of directors shall meet following each annual stockholders' meeting to elect a Chairman, Vice-Chairman, and Secretary-Treasurer. Each officer shall hold office for one (1) 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 corporation. No person shall lose his status as a director covered by the provisions by reason of his service as Chairman, Vice-Chairman or Secretary-Treasurer.

Section 4. Directors' Meetings. Regular meetings shall be held by the board of directors at such place and time as the board may determine. At the annual organizational meeting, the board 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. A meeting of the board of directors may be held at any time and a directors' appearance at the meeting shall be a waiver of notice thereof.

Oral or written notice of each regular or special meeting of the directors shall be given each director at least twenty four (24) hours prior to the time of the meeting. Such notice may be waived by all the directors.

Section 5. Quorum. A majority of the board of directors shall constitute a quorum at any meeting of the board.

Section 6. Compensation. Reasonable compensation and expenses of the members of the board of directors, shall be determined by the board of directors, and shall be set annually at the first regular board meeting each year.

Section 7. Indemnification. Each person, now or hereafter a director, or 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 in connection with or resulting from any action, suit, or proceeding or the settlement thereof prior to final adjudication, to which he is or may be a party by reason of his 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), if he acted in good faith and in a manner he 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 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.

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 adopt or approve policies and procedures not inconsistent with law or these Bylaws for the guidance of the management, employees, patrons, officers, stockholders and agents of the Cooperative..

Section 2. Employment of Manager. The board of directors shall have power to employ a manger, define his duties, fix his compensation, and dismiss him with or without cause at any time. The board shall authorize the employment of such agents and counsel as it, from time to time deems necessary or advisable in the interest of the Cooperative, and prescribe their duties. The manager shall have charge of the business of the Cooperative under the direction of the board of directors.

Section 3. Reports of Business. The board of directors shall present at each annual meeting of the stockholders a detailed statement or report of the business of the preceding year. Such statements shall show the financial condition of the Cooperative at the end of the fiscal year in such form as shall exhibit to the stockholders the assets and liabilities of the Cooperative, and all other facts and figures pertinent to a complete understanding of the Cooperative's financial position 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 its funds or negotiable instruments to give adequate bonds. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the board of directors and 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 activity of the Cooperative.

Section 5. Audits. The Board of Directors shall be responsible to engage an independent auditing firm and to obtain an audit of the Cooperative made at least at the end of each fiscal year and at other times as they deem necessary. The audit shall meet these requirements:

- (a) The audit shall be performed by a 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 audit procedures shall include generally accepted accounting practices to accurately count, measure and report the inventories of the Cooperative.
- (c) The audit 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 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 6. Depository. The board of directors shall have the power to select one or more banks to act as depositories of the funds of the Cooperative and to determine the manner of receiving, depositing and disbursing the funds of the Cooperative and the form of the checks and the person or persons by whom same shall be signed.

Section 7. Marketing Agreements. This Cooperative may make marketing agreements with its stockholders requiring the stockholders to sell, for any period of time not over five years, products through the Cooperative or buy specifically enumerated supplies through the Cooperative, but in such case a reasonable period during each year after the first two (2) years of the contract shall be specified during which any stockholder, by giving notice in prescribed form, may be released from such obligation thereafter. Such agreement may contain such other terms and conditions as are provided in Section 21-1304 et seq. R.R.S. Neb.

The board of directors shall have the power to carry out all agreements of the Cooperative with its stockholders and participating patrons in every way advantageous to the Cooperative representing the stockholders collectively.

Section 8. Nepotism. No director or the immediate relative of the manger or of any director shall be regularly employed by the Cooperative except by a unanimous approval of the board of directors.

Section 9. Credit Policy. The board of directors shall establish and enforce a credit policy and fully inform the patrons of said credit policy.

Section 10. Associate Members. The board of directors may appoint Associate Members of the board of directors. Such Associate Members shall be allowed to participate in the discussions upon all matters brought before the board of directors, but shall not be entitled to a vote upon any matter.

Section 12. Committees. The board of directors may in its discretion appoint such committees as may be necessary.

ARTICLE VI

Duties of Officers

Section 1. Duties of Chairman. The Chairman shall (a) preside over all meetings of the Cooperative and of the board of directors, (b) call special meetings of the board of directors, (c) perform all acts, and (d) sign all papers of the Cooperative as he may be authorized or directed to sign by the board of directors. The Chairman shall perform such other duties as may be prescribed by the board of directors.

Section 2. Duties of Vice-Chairman. In the absence of disability of the president, the vice-chairman shall perform the duties of the president.

Section 3. Duties of the Secretary-Treasurer. The secretary-treasurer shall (a) oversee and assure that complete records of all meetings of the Cooperative and of the board of directors are kept (b) have general charge and supervision of the records of the Cooperative, (c) shall sign all papers pertaining to the Cooperative as he may be authorized or directed to sign by the board of directors, (d) serve all notices required by law and by these By-laws, and (e) make a full report all matters pertaining to his 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 by the board of directors. Upon the election of his successor, the secretary-treasurer shall turn over to him all books and other property belonging to the Cooperative that he may have in his possession. He shall perform such duties with respect to the finances of the Cooperative as may be prescribed by the board of directors.

ARTICLE VII

Management

Section 1. Duties of Manager in General. Under the discretion of the board of directors, the manager, who shall be designated the President of the Cooperative and shall be its chief operating officer, shall have general charge of the ordinary and usual business operations of the Cooperative, including the purchasing, marketing, and handling of all products and supplies and equipment handled by the Cooperative. He shall, so far as practicable, endeavor to conduct the business in such a manner that the stockholders will receive just and fair treatment. The manager shall deposit all money belonging to the Cooperative in banks 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 successor, the manager shall deliver to him all money and property belonging to the Cooperative which he has in his possession or over which he has control.

Section 2. Duties of Manager to Account. The manager shall be required to maintain his records and accounts in such a manner that the true and correct condition of the Cooperative may be ascertained therefrom at any time. He shall render monthly and annual statements in the form and in the manner prescribed by the board of directors. He shall carefully preserve all books, documents, correspondence, and records of whatever kind pertaining to the Cooperative which may come into his possession.

Section 3. Duties of Manager Concerning Employees. The manager shall employ, supervise, and dismiss all employees of the Cooperative and fix their compensation subject to the policies adopted by the board of directors not inconsistent with these By-laws.

ARTICLE VIII

Distribution of Earnings

Section 1. Net margins. The gross receipts of this Cooperative shall include all proceeds from commodities marketed for 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.

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) fifteen percent (15%) of said net margins, which shall be added to retained savings and (c) the net margins found to be attributable to non-patron sources, 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 subsection (b) herein shall be deducted from the non-patronage source rather than from the net margins from transactions with stockholders or participating patrons; provided that any additions made to retained savings which come from margins generated from participation in price support programs of the Federal Government shall be allocated to the patrons originating same.

Section 4. Apportionment to Patrons. The balance of said net margins, which remain after the deductions set forth in Section 2 and 3, shall be deemed to be the stockholders and participating 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.

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 goods.

The stockholders and participating patrons of this Cooperative have full knowledge of the method of allocating the earnings of the grain department, on the bushel-in-bushel-out method of dividing the net earnings, wherein the grain marketing patrons have agreed to share with the purchasing patrons of the grain department, only those risks, margins and losses arising after delivery of their grain to the Cooperative and receipt by them of the initial advance as established by the Cooperative, and thereby the end results of said allocation protects the interests of the marketing patrons so they receive at least an arms length price for their grain dealings between the marketing and purchasing activity of the grain department. Nothing contained herein shall be construed to limit that authority of the board of directors to establish different rates for purchases made by producer patrons and commercial feed lot patrons or non-producer patrons with regard to the grain purchases.

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 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 Members 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 of this Cooperative shall first be paid according to their respective priorities. Any property remaining after discharging the debts and liabilities of this corporation shall be distributed to the stockholders and participating

patrons. If there is any capital accumulated from deferred patronage, the holders thereof shall be paid before the holders of the capital stock and Certificates of Participation shall be paid. To the extent the Board of Directors has established classes of deferred patronage providing for priority of redemption in the event of dissolution, deferred patronage paid upon dissolution will be paid according to the priority of the classes. 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 such property, shall be distributed among the stockholders and participating patrons on the basis of their respective patronage as shown on the records of the corporation insofar as practicable.

ARTICLE X

Fiscal Year

The fiscal year of this Cooperative shall commence on the first day of March each year and end on the last day of February of the following year.

ARTICLE XI

Waiver of Notice

Any stockholder may waive, in writing, any notice of a meeting required to be given by the By-laws. The attendance of a stockholder at any meeting shall constitute a waiver of notice of such meeting by such stockholder, except in case a 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. Amendments by Stockholders. These By-laws may be altered by a majority vote of those stockholders present and voting at any regular meeting, or special meeting, provided that notice the intention to amend shall have been given in the notice of the meeting.

Section 2. Amendments by Board of Directors. The board of directors may, by two-thirds majority vote, amend the By-laws at any time, subject to the approval or rejection by the stockholders at the next regular or special meeting of the stockholders; provided that, said amendment shall have full force and effect during the time the board of directors have approved such amendment until acted upon by the stockholders, even though such amendment may be rejected.

ARTICLE XIII


By-law Distribution

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

I hereby certify that the foregoing is a true and correct copy of the Revised By-laws of Farmers Cooperative Elevator Company.

Date: June 3, 2010

Farmers Cooperative Elevator
Hemingford, Nebraska

By 
Secretary