

Restated Articles of Incorporation

The undersigned certify that:

- 1. They are the president and the secretary, respectively, of OLD CORPORATION, Inc., a California Benefit Corporation.
- 2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

Article 1. The name of this corporation is NEW CORPORATION COOPERATIVE, INC.

Article 2. This corporation is a cooperative corporation organized under the Consumer Cooperative Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

Article 3. The voting rights of each member of the corporation are equal, and each member is entitled to one vote.

Article 4. The proprietary interests of each member of the corporation are unequal and the rules by which the proprietary interests are determined shall be prescribed in the Bylaws of the Corporation.

Article 5. The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

Article 6. The corporation is authorized to indemnify the directors and officers of the corporation to the fullest extent permissible under California law.

- 3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.
- 4. The foregoing amendment and restatement of Articles of Incorporation does not require approval by shareholders because there were no outstanding shares of the corporation on the effective date of this amendment.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: _____

NAME, President

NAME, Secretary

April ____, 2015

Secretary of State
Document Filing Support
Unit, 1500 11th Street, 3rd Floor
Sacramento, CA 95814

RE: Restated Articles of Incorporation of OLD CORPORATION, Inc.

Dear Secretary of State:

With this letter, we file Restated Articles of Incorporation for OLD CORPORATION, Inc., which also hereby changes its name to NEW CORPORATION COOPERATIVE, INC. Please contact me at _____ if you have any questions.

We have enclosed a check for \$30.00 and a self-addressed stamped envelope.

Sincerely,

...

Redemption Agreement

Background Information: NAME OF COMPANY is a California Corporation that is in the process of converting to a California Consumer Cooperative Corporation, which requires COMPANY to first redeem all stock and stock options from current shareholders. Now, COMPANY and NAME1 wish to clarify the terms of the redemption of NAME1's stock.

1. **Parties:** The parties to this agreement are NAME OF COMPANY and any of its successor entities ("COMPANY") and FULL NAME ("NAME1"), a shareholder of NAME OF COMPANY

2. **Value and Purchase Price of Stock:** NAME1 is the holder of stock and/or of stock purchase options (collectively referred to as "the Stock") in COMPANY. COMPANY and NAME1 hereby agree that the current value NAME1's Stock is _____, and this amount shall be the Purchase Price for the purpose of this Agreement.

3. **Payment and Redemption:** NAME1's Stock shall automatically be surrendered to COMPANY when COMPANY delivers a signed promissory note in the principle amount of the Purchase Price to NAME1. The parties agree that the promissory note in the amount of the Purchase Price represents full consideration for the purchase of NAME1's interest in COMPANY. Upon receipt of the promissory note, NAME1 shall no longer have voting rights in NAME OF COMPANY

4. **Representation and Warranties:** NAME1 warrants and represents to COMPANY that NAME1 is the absolute beneficial owners of the Stock, with good and marketable title thereto, free and clear of any liens, charges, encumbrances, securities interests, or rights of others, and that NAME1 is exclusively entitled to possess and dispose of the same.

COMPANY warrants and represents to NAME1 that the Corporation is not bound by any agreement or restricted by any provisions contained in its incorporation documents or bylaws that would prevent or prohibit the transactions described in this Agreement. COMPANY warrants and represents to NAME1 that the purpose of this stock redemption is to convert COMPANY into a cooperative corporation.

By signing below, COMPANY and NAME1 agree to the above terms and conditions of this Redemption Agreement.

Dated: _____

COMPANY

By: PRESIDENT NAME, President

Dated: _____

FULL NAME

Promissory Note

Background Information: NAME OF COMPANY is a California Corporation that is in the process of converting to a California Consumer Cooperative Corporation. COMPANY and NAME1, a former shareholder of COMPANY, have entered into a separate Redemption Agreement requiring COMPANY to deliver this promissory note to NAME1, thereby converting NAME1's stock in COMPANY to a loan payable to NAME1 by COMPANY. COMPANY and NAME1 wish to clarify the terms of the repayment of this loan, as follows:

- 1. Promise to Pay:** Thus, for value received, COMPANY ("Borrower") hereby promises to pay to the order of FULL NAME ("Lender"), at an address provided to Borrower by the Lender, a sum of \$ _____ (the "Principal"), together with interest on the unpaid Principal balance accruing at an annual rate of _____%, with all Principal and interest due and payable by the following date:
_____.
- 2. Payment Plan:** Borrower shall pay Lender _____ [monthly/quarterly/annual] installments of at least \$ _____ commencing on or before _____ (some date in the future). Each payment under this Note shall be credited first to interest then due and any remainder to Principal. This Note may be prepaid, at any time, in whole or in part, without premium or penalty, as long as any Principal prepayment is accompanied by a payment of interest accrued to the date of prepayment on the amount prepaid.
- 3. Default:** If Borrower fails to pay any sum due under this Note within six months of when it becomes due and payable, this shall be considered a Default. In the event of a Default, the Lender may, at his/her option, declare this Note to be immediately due and payable.
- 4. Collection Costs:** Borrower agrees to reimburse the holder of this Note for all costs of collection or enforcement of this Note, whether or not suit is filed (including, but not limited to, reasonable attorney fees and expenses), incurred by the Lender.
- 5. No Intention to Resell this Note:** Lender represents and warrants that he/she is purchasing this Note for his/her own account and not for the purpose of re-selling the Note to someone else.
- 6. Lender is a California Resident:** Lender represents that he/she is a resident of California.
- 7. Relationship Between Borrower and Lender:** Lender represents that he/she has a preexisting personal or business relationship with PRESIDENT NAME and this relationship has involved sufficient contact to enable Lender to be aware of the character, business acumen, and general business and financial circumstances of COMPANY and its founders.

8. **Governing Law:** This Note shall be governed by and construed in accordance with the laws of the State of California.

By signing below, Borrower and Lender agree to the above terms and conditions of this Note.

Dated: _____

COMPANY, **Borrower**

Signature: _____

By: PRESIDENT NAME, President

Dated: _____

Name: FULL NAME, **Lender**

Signature: _____

Address: _____

ARTICLES OF INCORPORATION

Article I (Name): The exact name of the corporation is Converted Cooperative, Inc. (the “Cooperative”).

Article II (Purpose): The purpose of the Cooperative is to operate a small, democratically-organized business helping to build a regionally-based, organic food system that supports ecological and human health.

Article III (Authorized Stock): This Cooperative is authorized to issue fifty (50) shares of common stock, designated as “Membership Shares,” and two hundred fifty thousand (250,000) shares of preferred stock, designated as “Preferred Shares.”

Article IV (Rights, Preferences, and Privileges of Stock): The Membership Shares and Preferred Shares have the following preferences, voting powers, qualifications, rights, and privileges:

1. Membership Shares

- (a) General Ownership of Membership Shares shall be limited to employees of the Cooperative. No employee may hold more than one Membership Share. Holders of Membership Shares shall be designated as “Members.” Individuals seeking to become Members must meet qualifications established by the existing Members in accordance with the bylaws. Membership Shares shall be issued for a fee to be determined by the Board of Directors in accordance with the bylaws. Members of the Cooperative shall have all the rights and responsibilities of stockholders under General Laws Chapter 156B, except as otherwise provided in Chapter 157A.
- (b) Voting Rights. Each Membership Share is entitled to one (1) vote on matters on which the Members are entitled to vote.
- (c) Redemption. When a Membership is terminated for any reason, the amount in the Member’s Internal Capital Account will be redeemed in exchange for debt, cash, or a combination thereof in accordance with the bylaws. The Cooperative, when redeeming a Membership Share, shall have the right to reduce the amount redeemed by any debt the Member owes to the Cooperative.

2. Preferred Shares

- (a) Dividend Rights. Dividends shall be payable to holders of the Preferred Shares (“Preferred Holders”) when, as, and if declared by the Board of Directors. Dividends shall not be cumulative. Preferred Stock is not entitled to participation rights to distributions paid to Members.
- (b) Redemption By Cooperative. The Cooperative reserves the right to redeem any or all Preferred Shares at any time, at the sole discretion of the Board of

Directors. If the Cooperative elects to redeem Preferred Shares, holders of the redeemed shares are entitled to receive an amount equal to the amount originally paid for the Preferred Shares as adjusted for any future stock splits, stock dividends, recapitalizations or the like (“Original Issue Price”) of their shares plus all declared but unpaid dividends (“Redemption Price”). The Cooperative will notify Preferred Holders of the Cooperative’s intention to redeem such Preferred Holders’ shares in writing thirty (30) days before the effective date of the redemption.

- (c) Redemption by Holder. Preferred Holders are entitled to request redemption of their Preferred Shares at the Redemption Price by submitting a written request for redemption to the Cooperative. If the Board of Directors determines that a requested redemption may impair the Cooperative’s ability to operate effectively, the Board of Directors may limit, postpone, or refuse the redemption.
- (d) Voting Rights. Preferred Holders have no voting rights, except as required by law.
- (e) Conversion Rights: The preferred shares are nonconvertible

Article V (Restrictions Imposed Upon Transfers of Stock): The Cooperative imposes the following restrictions on transfers of stock:

- 1. Membership Shares: Ownership of Membership Shares is limited to employees of the Cooperative.
- 2. Preferred Shares: Preferred Shares are nontransferable, except to the cooperative.

Article VI (Other Lawful Provisions)

- 1. Liquidation Rights: If the Cooperative is liquidated or dissolved, the funds and assets legally available to be distributed (“Available Funds and Assets”) to the Cooperative’s Members and Preferred Holders shall be distributed as follows:
 - (a) first, to Preferred Holders, an amount equal to the Original Issue Price of their shares plus all declared but unpaid dividends; provided that if there are not sufficient Available Funds and Assets to pay the amount due to all Preferred Holders under this provision, the funds will be distributed on a pro rata basis according to the number of Preferred Shares owned;
 - (b) second, if Available Funds and Assets remain after the liquidating distribution to the Preferred Holders described in paragraph (1)(a), to the current Members an amount equal to the Members’ Internal Capital Account balances; provided that if there are not sufficient Available Funds and Assets to pay the amount due to

all Members under this provision, the funds will be distributed on a pro rata basis according to the Members' respective Internal Capital Account balances;

- (c) third, any remaining Available Funds and Assets shall be distributed to one or more organizations, selected in accordance with the bylaws, whose missions are consistent with the purposes of the Cooperative.
2. Indemnification: The Cooperative is authorized to indemnify directors for breach of fiduciary duty, unless any provision of law imposes personal liability. This section shall not limit the liability of a director for breach of duty of loyalty to the Cooperative or its stockholders, acts or omissions in bad faith, intentional misconduct, knowing violations of law, actions described in G.L. Chapter 156B Sections 61-62, or any transaction in which the director derived an improper personal benefit.
 3. Amendment of Bylaws: The Board of Directors may make, amend, or repeal the bylaws, except with respect to any provision thereof, which, by law, the articles of organization, or the bylaws requires action by the Member