

UNITED-II POTATO GROWERS OF IDAHO, INC. MEMBERSHIP AGREEMENT

THIS AGREEMENT executed on _____ between _____ (Farm Name) hereinafter called “Member”, and UNITED-II POTATO GROWERS OF IDAHO, INC., an agricultural cooperative, hereinafter called the “Cooperative” with principal place of business in Idaho Falls, Idaho, is made in consideration of mutual promises and other good and valuable consideration, and is as follows.

1. This Agreement is one of several similar agreements made by the Cooperative with the potato growers who are mutually and individually obligated under the terms hereof (“Members”). The Cooperative shall be deemed to be acting in its own name for and on behalf of all its Members in carrying out the provisions of such agreements or in any action or legal proceeding resulting therefrom.
2. The person who signs on behalf of Member, acknowledges that Member is an Agricultural producer which is either an individual, partnership, corporation or other entity actually engaged in the production of potatoes or a landlord which receives a portion of the crop as rent. (Member agrees to provide the names of other individuals that are either a partner or family member in the operations of _____ (Farm Name)). (Member agrees to provide accurate and complete information sought in this membership application, and elsewhere as needed.)
3. Member hereby agrees to acquire one (1) share of common voting stock at a price of One Thousand Dollars (\$1000.00)
4. Member agrees to acquire one (1.0) share of Preferred Stock also called a “growing right” for each and every Fresh Base Acre (as currently defined by and registered in United of Idaho) for which he desires the right to deliver 100% of the processor quality potatoes produced from said acres. **The initial subscription price will be \$188 (one hundred eighty eight U.S. Dollars) per share.** Processor potatoes can be delivered as Washed Process Grade (WPG), Premium Washed Process Grade, dry eliminators, or low quality Field Run. **Member acknowledges that share ownership is a commitment to deliver 100% of the processor quality potatoes produced on members fresh base acres registered in United II.**
5. Members with preexisting processor commitments who wish to convert those commitments to the Cooperative in future years can with proper documentation, reserve or hold a position in the Cooperative by buying “class B” growing right shares. The initial subscription cost of Class B shares will be **\$188 (one hundred eighty eight U.S. Dollars) per share.** A share must be purchased for each and every Fresh Base Acre (as currently defined by and registered in United of Idaho) for which he desires the future right to deliver 100% of the processor quality potatoes produced from said acres. “Class B” share will reserve the delivery right for no more than 2 years from the date of purchase. Unless “activated” by the owner in writing, up to and during the 2 year waiting period, no volume is required for those shares. During the “inactive” period, Class B shares will not carry a responsibility to service debt and cannot be traded nor sold. Prior to the end of 2 years, the B shares must be converted into Preferred Shares and will pay an activation fee equivalent to debt servicing for the inactive years. At the

members' option, debt service can be paid annually to avoid the activation fee. Once converted into preferred growing rights, these shares can be traded on the open market.

6. Member acknowledges that the Board of Directors may assess a check-off or management fees for the operations of the Cooperative and financing fees to service debt.
7. It is the obligation of the Cooperative and its Members to abide by all general policies and procedures established by United Potato Growers of Idaho, including but not limited to acreage management, data collection, and due assessments. In the event Member does not observe such general policies and procedures, Member may be assessed penalties and fines. Member may also be discharged from Cooperative by a vote of a majority of the Board of Directors of the Cooperative. Member acknowledges that the Board of Directors of the Cooperative may, at their discretion, adopt penalties for violations of the Membership Agreement including reimbursement to United of all attorney's fees and costs.
8. In the event the Cooperative realizes monetary benefits through any of its operations or activities, such benefits will be allocated to Member in accordance with their patronage, or in absence of patronage, in accordance with the outstanding Preferred Stock of Member, on a per share basis.
9. This Membership Agreement, together with the Cooperative's Articles of Incorporation, Bylaws, statements of general policies and procedures, and general policies and procedures as established by United Potato Growers of Idaho, constitute the entire contract between the Cooperative and Member. Member also agrees to abide by any additional rules and regulations agreed to by the Board of Directors which are not in conflict with the Articles of Incorporation and Bylaws.
10. This Membership Agreement is binding on Member, his heirs, successors and assigns. In the event Member utilizes an entity, which he owns, controls, or affiliates with to circumvent the provisions of this Agreement, the Cooperative shall be entitled to treat such act as an assignment. The penalties for such breach shall be assessed to Member, his heirs, successors or assigns.
11. The term of this Agreement shall commence on the date of the last signature below and expire on February 1, 2010. Thereafter, this agreement shall automatically renew for consecutive 2 year terms unless terminated as specifically set forth herein or by member's written notice at least 6 months prior to commencement of any new membership term. Initial member notification deadlines will be:

August 1, 2009 for membership term beginning February 1, 2010

Until the end of the current membership term, notification of intent to withdraw membership, regardless of when it occurs, DOES NOT absolve member from member's obligation to comply with all general policies and procedures as defined in points # 7 and #9, that are required to be observed by the general membership as published by the Cooperative and provided to its Members. All amounts paid for preferred stock, and any check-off amounts withheld shall be forfeited.

Membership Subscription Form

Grower/Farm Information

Growers Name: _____

Email address: _____

Grower Cell Phone Number: _____

Partners names: _____

Farm Entity Name: _____

Farm Entity Address: _____

I certify that I and all of my partner(s) associated with the above noted farm entity, are members of United Potato Growers of Idaho in full participation and compliance with United of Idaho acreage management policies, dues and fees. I further commit that I will provide myself or have the shed packing my potatoes provide the production data required to adequately track and schedule delivery of my volume commitments.

Grower signature

Below is my request to purchase “growing/delivery rights” for processor grade potatoes in United II of Idaho. I, the grower, acknowledge and agree to the following:

- 1) That the initial subscription fee for (1) share of preferred stock in United II is **\$188 (one hundred eighty eight U.S. Dollars) per share** for each and every Fresh Base Acre (as currently defined by and registered in United of Idaho) for which he desires **the right to deliver 100% of the processor quality potatoes produced from said acres.** Processor potatoes can be delivered as Washed Process Grade (WPG), Premium Washed Process Grade, dry eliminators, or low quality Field Run **This membership agreement with the completed subscription form along with the common stock payment of \$1000.00 will be due on or before April 27, 2007. The actual cash payment for the preferred stock will be due on or before June 15, 2007. Failure to deliver the preferred stock payment by the aforementioned date will render the application null and void.**
- 2) **That subscription applications received AFTER April 27, 2007 will pay the higher of \$188 per preferred share or the prevailing market price.** Actual cash payments for the preferred stock will be due within 30 days from receipt of the completed membership application and subscription form along with the common stock payment. Failure to deliver the preferred stock payment by the aforementioned date will render the application null and void.
- 3) That class B shares are subject to the same initial pricing and sign in deadlines as the regular preferred shares as stated in points #1 and #2.

- 4) That membership is a firm and irrevocable commitment to supply 100% of the processor quality potatoes produced from the fresh base acres registered in United II.
- 5) That if a grower is short or long on his commitments, he can “post” on a trading board his growing rights shares for rent or trade among U-II members. He can also buy from the U-II open pool to meet his commitments. U-II Members can “replace” or complete their commitment to U-II with outside spuds provided the meet quality standards, grower pays haul differentials, and with approval of U-II management.
- 6) That failure to deliver the above commitments will incur financial penalties UNLESS the grower is delivering 100% of the processor quality potatoes generated from his registered fresh base acres AND the failure to deliver is due to:
 - a. Acts of God
 - b. Yield related deficits outside of the grower’s control.
 - c. extended rotations (subject to documentation, verification and approval by U-II management)
- 7) That subject to the exceptions noted in #6, failure to deliver 100% the committed amounts of processor grade potatoes because the grower **sold any portion of the U-II committed processor quality potatoes** without U-II’s written approval will constitute a breach of this membership agreement and will result in the following penalties:
 - a. U-II will immediately buy and replace the quantities shorted by the member at the “open” market price and the grower will be charged 1.5 times the higher of either the prevailing market price or the formula based field run price.
 - b. All penalties will be deducted from and before any returns and/or dividends are distributed to the member.
 - c. If the member does not have sufficient returns or dividends within his United II account to make whole the liability, United II will take all legal remedies prudent and necessary to and including garnishing Shed returns to satisfy the liability. All legal expenses to be borne by the member.
 - d. For the subsequent crop year, the member at U-II’s option, may be required to sell that portion of his growing rights that he was short to another member to come into compliance or forfeit the same amount of shares to United. Upon forfeiture, the member would receive \$1.00 per share, regardless of current trading price.

Membership Subscription: Common Stock (Due when submitting this contract)
 One Share of Common Voting Stock \$1,000.00

Preferred Stock Calculation (Due on or before June 15, 2007)

	Fresh Base Acres	_____	
(\$188.00 per Fresh acre)	X	<u>\$188.00</u>	
Total Fresh Preferred Stock		<u>\$</u>	

Now, please reduce your base acre preferred shares purchase into a hundred weight “estimate”. This should be done using the last 3 years history. **Please estimate as accurate as possible.**

Preferred Share
Subscription CWT

Class B
Subscription CWT

washed process grade _____

washed process grade _____

dry eliminators _____

dry eliminators _____

Low quality field run _____

Low Quality field run _____

*Note: Grower is encouraged to commit between 5% -10% of his total production as low quality field run. Remember: these rights can be traded or rented if the grower cannot fulfill the commitment. U-II will facilitate trading of these shares. **This is NOT field run contracted for dehy processing.** This is field run production grown for fresh consumption.*

premium washed process grade _____ premium washed process grade _____

Note: membership in U-II is a commitment to allow participating sheds to divert up to 3% of the growers #1's and #2's into premium washed process grade to alleviate size specific excess as needed to balance the fresh pipeline. Decisions to divert will be made by the U-II board of directors.

U-II anticipates that in the future, additional processor grade field run contracts may be necessary to meet NewCo's production requirements. Contracts for said production will be made available annually. First and last right of refusal will be given to U-II members and secondarily to United of Idaho members.

Shed Production Forecast

Below find the Shed(s) where I have committed or plan on running my 2007-08 Crop. Note: This information will be held absolutely confidential.

	<u>% of my crop</u>	<u>Committed (YorN)</u>	<u>Probable timing</u>
Shed Name:	_____	_____	_____
Shed Name:	_____	_____	_____
Shed Name:	_____	_____	_____
Shed Name:	_____	_____	_____

I hereby acknowledge and accept the above mentioned conditions and apply for Preferred Share growing rights in United II of Idaho. I further acknowledge that acceptance of this application is dependent upon verification of my signing a U-II membership agreement and receipt of the subscription fee.

Grower signature

Date

Please send this agreement and payment to:

United II Potato Growers of Idaho
Membership Coordinator
6109 South Yellowstone Highway
Idaho Falls, ID 83402

Date application was received at U-II offices

Date subscription fee was received