**AMENDED AND RESTATED**

**ARTICLES OF INCORPORATION**
**OF**
**HILLSBORO FOOD CO-OP**

## ARTICLE I

The name of the cooperative association is Hillsboro Food Co-op (the "Cooperative").

## ARTICLE II

The name of the registered agent of the Cooperative is Dawn Wallace.

## ARTICLE III

The address of the Cooperative's registered agent is 2114 NW 2nd Avenue, Hillsboro, Oregon 97124.

## ARTICLE IV

The mailing address for notices is 2114 NW 2nd Avenue, Hillsboro, Oregon 97124.

## ARTICLE V

The number of directors constituting the initial board of directors shall be no less than three, and no more than eleven.

## ARTICLE VI

The purpose of the Cooperative is to provide groceries and related consumer goods to its members and to others and to engage in any lawful act or activity for which cooperative associations may be organized under the Oregon Revised Statutes Chapter 62, as amended (the "Act").

## ARTICLE VII

The Cooperative is authorized to issue two classes of capital stock, designated as Common Shares and Preferred Shares (each as defined below). The total number of shares of capital stock that the Cooperative is authorized to issue is 1,150,000 shares, consisting of 1,000,000 shares of common stock with par value of $1 per share ("Common Shares"), and 150,000 shares of preferred stock ("Preferred Shares"), par value of $100 per share.

A. Common Shares.
    a. Issuance. To evidence capital funds provided by member-owners, the Cooperative shall issue Common Shares to member-owners. Common Shares may be issued only to persons eligible for and admitted to membership in the Cooperative, and no more than one Common Share shall be issued to each member-owner. Such Common Shares shall be issued upon full payment of the stated value of the shares, as determined by the Board of Directors of the Cooperative (the "Board"), or on such other terms as the Board may from time to time determine.
    b. Terms. Common Shares shall be entitled to no dividend or other monetary return on investment. Common Shares shall be subject to assessment insofar as it may become necessary to increase the required capital investment of member-owners by reason of the current or prospective capital needs of the Cooperative.
    c. Redemption. Redemption shall be subject to the terms and conditions contained in the Cooperative's bylaws, as may be amended from time to time.

B. Preferred Shares.

a. Dividend Preference. The holders of Preferred Shares will be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for such purpose, a dividend ("Dividend"). Such Dividends (a) shall be at a rate per annum of between 0% and 5%, as determined by the Board of Directors at such time as a Dividend is declared, and (b) shall be non-cumulative. The amount of the Dividend payable in and for the first fiscal year in which the Dividend is declared will be pro-rated and computed on the basis of a 365-day year, beginning on the date on which the Preferred Shares were subscribed and paid for by the holder thereof and the last day of the fiscal year of the Cooperative. No cash patronage refunds or other cash distributions in a fiscal year (collectively "Distributions") will be made by the Cooperative to the patrons or to the holders of any security of the Cooperative which is junior in right to the Preferred Shares unless the Dividend has been paid. "Distributions" as used in this Section will be deemed to include any distribution made in connection with the liquidation, dissolution or winding up of the Cooperative.

b. Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Cooperative, either voluntary or involuntary, the holders of Preferred Shares will be entitled to receive, before any distribution of any of the assets of the Cooperative to the holders of Common Shares or any other securities junior in right to the Preferred Shares, an amount equal to the Par Value, plus an amount equal to any declared but unpaid Dividends on such Preferred Shares. If upon the occurrence of such event, the assets and funds so distributed among the holders of the Preferred Shares is insufficient to permit the payment to such holders of the full above-described preferential amounts, then the entire assets and funds of the Cooperative legally available for distribution will be distributed ratably among the holders of the Preferred Shares in proportion to the amount of such shares owned by each such holder.

c. Redemption. The Cooperative, at its option, may redeem, at any time, the Preferred Shares, in whole or from time to time in part, upon 30 days' written notice, for a price equal to the Par Value plus an amount per share equal to the unpaid Dividends accumulated to the date fixed for redemption ("Redemption Price"). In the event of redemption of less than all of the outstanding Preferred Shares, the Cooperative will affect such redemption pro rata. Not less than 30 days' prior to the redemption date, the Cooperative will mail to each holder of Preferred Shares to be redeemed addressed to such shareholders last address shown on the books of the Cooperative. Each notice will specify the date fixed for the redemption ("Redemption Date"), the redemption price and the accumulated and unpaid Dividends owing to the Redemption Date. On or after the Redemption Date, the Cooperative will pay the Redemption Price to each holder of the shares called for redemption by check or electronic transfer. If, on the Redemption Date, funds necessary for the redemption are available and/or will be deposited or set aside, then such shares will no longer be deemed outstanding, the holders thereof will cease to be shareholders and all rights with respect to such shares will terminate, except for the right to receive the Redemption Price.

d. Voting Rights. Preferred Shares shall confer no voting rights upon holders.

e. Transfers. Except as otherwise provided by the Act or the Bylaws, the holders of the Preferred Shares may not be transferred, assigned or otherwise distributed to any other person or entity without the prior written consent of the Board of the Cooperative in its absolute and sole discretion.

## ARTICLE VIII

Capital stock shall not be transferable except to the Cooperative in accordance these Articles and the bylaws of the Cooperative (as may be amended, restated, modified or supplemented from time to time, the "Bylaws").

## ARTICLE IX

In the event of dissolution or liquidation of the Cooperative, unless otherwise set forth herein, debts and other obligations shall be paid first. Remaining assets shall be distributed to members in good standing, pro rata. The Board shall supervise the distribution of assets.