

Please note: Changes are highlighted and underlined.

ARTICLE VIII Dividends

8.1 **General.** The Cooperative shall not pay dividends except in accordance with this Article VIII.

8.2 **Patronage Dividends.** The Cooperative shall pay patronage dividends to patrons of the Cooperative in accordance with this Section 8.2.

8.2.1 Patronage dividends paid by the Cooperative shall be computed and paid in accordance with Subchapter T of the Internal Revenue Code.

8.2.2 The gross amount of patronage dividends for any given period shall be computed as follows: gross earnings, less operating expenses (including taxes), short term debt, long term debt service payments and reserves as determined by the Board of Directors in its sole discretion. This amount will then be multiplied by the ratio of shareholders sales to total sales.

8.2.3 Patronage dividends shall be payable on a pro rata basis to shareholders on the basis of the value of business such shareholder has conducted at the Cooperative during such period. The patronage dividends shall be proportionately allocated based on all business conducted by the Cooperative, excluding non-members; provided, however, that different rates may be declared by the Board of Directors upon different classes of patronage.

8.2.4 In conjunction with the issuance of any patronage dividends, the Board of Directors shall provide to shareholders a detailed statement of the method used in calculating and distributing the net earnings.

8.2.5 The Cooperative shall not be required to pay all net profits as patronage dividends, and may set aside any amount of net profits as reserves as the Board of Directors may determine in its sole discretion.

8.3 **Stock Dividends.** Dividends on capital stock ("stock dividends") shall be fixed by the Board of Directors, but shall not exceed eight percent (8%) per annum on the amount actually paid thereon.

8.4 Authority of Board of Directors. Except as otherwise provided in this Article VIII, all decisions regarding payment of patronage dividends and stock dividends shall be made by the Board of Directors. The Board of Directors may adopt policies regarding the payment of patronage dividends and stock dividends consistent with this Article VIII.