

COLLISION AUTOMOTIVE REPAIR SERVICES, INC.

BYLAWS

ARTICLE 1

Section 1.1 Name. The name of the cooperation shall be COLLISION AUTOMOTIVE REPAIR SERVICES, INC. and shall be referred to in these bylaws as the "corporation or cooperative".

Section 1.2 Purposes. The purpose of the corporation shall be to provide whatever goods and services are required by the member-shareholders of the cooperative that are lawful as set forth in the articles of incorporation.

Section 1.3 Principles of Operation. Te principles of operation to which the corporation subscribes are:

- A. To operate on a cooperative basis for the benefit of the member-shareholders in accordance with the provisions of Subchapter "T" of the Internal Revenue Code;
- B. Surplus to be distributed on the basis of patronage or use and not on the basis of capital invested;
- C. To do business with non-member patrons to the extent agreed upon by the Board of Directors; and
- D. Democratic control of the corporation by the member-shareholders.

ARTICLE 2

Membership and Termination of Membership

Section 2.1 Classes of Membership. In addition to the classes of memberships described herein, the Board of Directors may provide for additional classes of members. All classes of members shall be admitted in accordance with these laws.

A. Eligibility of Membership: Membership in the cooperative is limited to person and entities (i) actively engaged as owner of a collision repair facility or any other commercial activity as may be determined by the Board of Directors to be related to the vehicle repair business; however, such persons or entities who do not own collision repair facilities and who are entitled to a vote by reason of ownership of Class A stock must be approved by membership by a two-thirds (2/3) vote of the Board of Directors and shall pay the same membership fee as paid by Class A members who own or operate a collision repair facility, (ii) who, if they own and operate a collision repair facility must patronize the cooperative no less than the minimum annual patronage requirements as established from time to time by the Board of Directors, (iii) who pay their obligations to the corporation and its subsidiaries in accordance with their respective terms, (iv) who are accepted for membership by the Board of Directors, and (v) who pay the initial membership fee of \$600.00 payable in sums of \$50.00 on date of application for membership and balance of \$550.00 in eleven monthly payments of \$50.00 each at which time they become a member as provided herein. The membership fee shall be discounted to \$500.00 if paid in full at time of application. The president or the Board of Directors may increase from time to time the minimum patronage requirements.

B. Expulsion: The President or the Board of Directors will terminate the membership of any member who (i) ceases to meet the requirements of Section 2.1.A herein (whether by sale of his vehicle repair facility or facilities, failure to meet the minimum patronage requirements, or otherwise), or (ii) is adjudged bankrupt, becomes insolvent, or makes an assignment for the benefit or creditors, or (iii) does not pay his accounts to the corporation or its subsidiaries in accordance with their terms, or (iv) attempts to transfer his membership stock other than as permitted by these bylaws.

C. Resignation: Any member may resign as a member of the cooperative by (i) giving thirty (30) days' written notice to the corporation of such intention, signed by the member, and if the member is a partnership,

signed by all partners, (ii) tendering his membership stock for redemption, and (iii) paying or making arrangements, acceptable to the cooperative for the payment of all his obligations to the corporation or its subsidiaries.

D. Payment of Patronage Refunds to Terminating Members: Any patronage refunds payable to a terminating member shall be paid on the same terms and concurrently with payment of patronage refunds to continuing members. A member who having been a member of this cooperative for less than six (6) months, resigns or is expelled shall not be entitled to participate in patronage refunds.

Section 2.2 Application for Membership. Application for membership, in a form prescribed from time to time by the Board of Directors, shall be filed with the Secretary. A minimum of \$50.00 application fee shall accompany the application for membership, such fee may be adjusted at any time by the Board of Directors. However, the Board at its discretion may adjust the payment schedule of the membership fee. Each applicant shall submit proof of ownership of a collision repair facility if he/she is the type of member who is required to own such a facility. The financial standing of each applicant shall be investigated, and, if satisfactory to the corporation, the application shall be considered by the President or the Board of Directors. The cooperative reserves the right to reject any application for membership for any reason whatsoever or for no reason. If an applicant is rejected, his/her application fee shall be returned.

Section 2.3 Membership Stock.

A. Class A Stock: Each member shall own exactly one (1) share of Class A membership stock which he/she shall receive upon acceptance into membership. Class A stock shall carry the exclusive voting rights of the corporation and each share shall have one (1) vote. Class A stock may be owned only by members who are persons or entities described in these bylaws. Class A is non-negotiable, it shall not pay dividends and can be transferred only with the approval of the Board of Directors as set forth in these bylaws, and such stock cannot be pledged or hypothecated except as provided by these bylaws.

B. Class B Stock: Class B membership stock is identical to Class A membership stock in all respects except Class B stock is non-voting.

Section 2.4 Restrictions on Transferability of Shares and Membership.

A. Prohibition on Transfer of Shares: Membership stock may not be transferred or assigned without the prior written consent of the corporation which will normally be withheld unless the transfer (i) is in connection with the transfer of all or a portion of the transferor's business, and (ii) is to entity in which the transferor continues as an owner, or to one or more members of the transferor's family. (Transferor's family means a person's parents, children, grandchildren, siblings, aunts, uncles, and their respective spouses.) Any purported transfer without such consent shall be null and void. Certificates for membership stock will bear a legend stating (i) that the bylaws restrict the transfer, pledge, or hypothecation of membership stock and (ii) that the cooperative is entitled to, and will, offset against any payments due for membership stock being redeemed from an outgoing member all amounts then owned by the member to the corporation or its subsidiaries.

B. Corporate Members: Changes in the ownership of the stock of a corporate member will not affect the corporation's status as a member, unless the ownership interest being transferred represents a majority interest in the stock of the corporate member. If the proposed change in the ownership of the stock of a corporate member is of a majority interest in such corporation, then the prior written consent of the cooperative must be sought and obtained. If the President or the Board of Directors disapprove the proposed transfer of stock, the membership shall be terminated. The former shareholders of the corporate member will remain liable to the cooperative on any personal guarantees they have given of debts of the corporate member to the corporation incurred prior to the time the cooperative receives written notice that the guarantor revokes his guarantee as to future indebtedness. The corporation may require the new shareholders of the member to personally guarantee the debts of the member to the cooperative and its subsidiaries.

C. Proprietorships and Partnership Members: The prior written consent of the cooperative must be sought and obtained to all changes in partnerships or proprietorships which are members. If the President or the

Board of Directors disapproves the proposed transferee or new partner(s), the membership shall be terminated. If the President or the Board of Directors consents to the proposed change and at least one former owner or partner is an owner or partner of the new facility, the ownership of the membership stock and the membership shall be appropriately transferred on the books of the cooperative to reflect the continuation of the membership as newly constituted.

D. Sale of a Collision Repair Facility. Where all the owners of a vehicle collision repair facility propose selling all of their interest in such facility to a new buyer or group of buyers (other than family members), and the proposed buyer is acceptable as a member to the President or the Board of Directors, the cooperative shall redeem the equity interests of the outgoing member in accordance with its policies, and the new member shall make appropriate funding arrangements for the new membership. An outgoing member may not sell his membership stock or other equity interests directly to the buyer or his/her facility.

E. Obligation to Inform of Changes in Ownership: Each member must inform the corporation in writing of any contemplated or actual change in ownership of the membership (whether a proprietorship, partnership or corporate member) not less than sixty(60) days prior to any purported change, except in the case of death or by operation of law, and any person purporting to transfer his/her interest in a partnership member shall remain liable for all debts of the membership to the cooperative and its subsidiaries incurred prior to the corporations consenting to the transfer of change in membership, as he/she was prior to such purported transfer. As a condition to approving a contemplated change in ownership of a membership, the cooperative may require the new owners to assume, pay off, or guarantee the debts of the membership to the corporation and its subsidiaries incurred by the prior owners of the membership and/or to guarantee the debts or the prior owners of the membership to the cooperative and its subsidiaries subsequently incurred.

F. Eligibility to own Membership Stock: Membership stock may be owned only by members (see Section 2.2.A & B), and upon the termination of a member's membership, the member's shares shall be redeemed in accordance with redemption policy set forth in "I" hereof.

G. Membership Stock to be Redeemed at Book Value: Membership stock has no par value and all redemptions of such membership stock shall be their per share Book Value as of the end of the fiscal year last ended prior to the redemption. (Book Value is the excess of the assets over the liabilities of the cooperative and any consolidated subsidiaries, as determined in accordance with generally accepted accounting principles consistently applied, and as set forth by the corporation's audited financial statements, or, for the fiscal year ended. Book Value per share means the Book Value divided by the total number of shares of the cooperative's stock then outstanding.)

H. Right of Offset, Pledge: All certificates of membership stock shall bear a legend indicating that the corporation is entitled to and will deduct by way of offset from all payments by the cooperative for its shares all amounts then owing to the corporation or its subsidiaries by the outgoing member. The President or the Board of Directors may require the membership stock of a member to be pledged to the cooperative where the member is in debt to the corporation or its subsidiaries.

I. Redemption Policy: Subject to the restrictions imposed by law, the cooperative shall repurchase in accordance with the policy herein set forth, the membership stock of any member whose membership in the cooperative is terminated for any reason, whether or not the member wishes to redeem his/her shares. In each case, the redemption price for the membership stock shall be its Book Value as of the close of the fiscal year last ended prior to the termination of the membership, subject to the right of offset by the cooperative as outlined in "H" above. The net redemption payment shall be in cash within ninety (90) days after the termination of membership if the President or the Board of Directors conclusively determines that there are not sufficient reserves to make such payment, then the payment shall be made when and if there are sufficient reserve funds.

J. Termination of Rights as Shareholders: An outgoing member's right to vote and all other incidents of membership shall cease upon termination of the membership whether or not he has been fully paid for his membership stock or other equity interests.

ARTICLE 3

Patronage Dividends

Section 3.1 Dividends. No class of membership stock shall be entitled to dividends on the basis of Capital furnished.

Section 3.2 Operation at Cost. The operation shall at all times be operated on a cooperative at-cost basis for the mutual benefit of its members.

Section 3.3 Members Capital. In furnishing goods or services or otherwise making facilities or services available, the cooperative's operations shall be so conducted that all members will, through their patronage furnish capital for the corporation. To assure that the cooperative will operate on an at-cost basis, the corporation is obligated to account on a patronage basis to all its members for all amounts received from the furnishing of goods or services to the members in excess of operating costs and expenses.

Section 3.4 Reserves. The net earnings of the cooperative for said fiscal year from all the earnings of the corporation other than business done with members may be retained by the cooperative as unallocated reserves or surplus. In setting aside funds for reasonable reserves for necessary purposes of the corporation, the Board of Directors shall first set aside such net earnings. If there are no net earnings on such business, or if such net earnings are insufficient to provide funds for reasonable reserves for necessary purposes of the corporation, reserves may be set aside and paid from the net earnings on business done with or for members.

Section 3.5 Allocation of Earnings. After providing for reasonable reserves in the manner described above, all remaining net earnings of the cooperative for said fiscal year shall be allocated to the members upon the basis of the value of business done with the corporation during said fiscal year and paid to such members within eight and one-half months of the close of the fiscal year in cash, stock, property, evidences of indebtedness or such other written notices of allocation (as defined in 26 U.S.C. 1388) all as may be determined by the Board of Directors.

Section 3.6 Allocation of Losses. In the event there is an operating loss, such loss shall be apportioned among members during the year of such loss so that the loss will, to the extent practicable, be borne by the members of the loss year on an equitable basis. If in any fiscal year the cooperative shall incur a loss other than an operating loss, the Board of Directors shall have full authority to prescribe the basis on which the capital furnished by the members may be reduced or such loss otherwise apportioned among the members.

Section 3.7 Revolving Capital. If at any time the Board shall determine that the financial condition of the cooperative will not be impaired thereby, the capital then credited to the members' accounts may be retired in full or in part. Any such retirement of capital shall be in the order of priority according to the year in which the capital was furnished and credited, the capital first received by the corporation being first retired.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power to retire any capital credited to members' accounts on such terms and conditions as may be agreed upon by the parties in which the interests of the cooperative and its members are determined to be furthered thereby and funds are determined by the Board of Directors to be available for such purposes.

Section 3.8 Transfer Restricted. No assignment or transfer of any amount credited to the capital account of any member shall be binding on the cooperative without the approval and consent of the Board of Directors nor until it has been entered in the books of the cooperative.

Section 3.9 Consent. Each person or entity who applies for and is accepted as a member of this cooperative shall, by such act alone, consent that the amount of any distribution with respect to patronage which are made in written notices of allocations (as defined in 26 U.S.C. 1388) and which are received from the corporation, will be taken into account by the members at their stated dollar amounts in the manner provided in 26 U.S.C. 1385 (a) in the taxable year in which notices of allocation are received by the member.

Section 3.10 Consent Notification to Members. A copy of the consent provision contained in Section 3.9 shall be given to each member and prospective member by providing applicants for membership with a copy of these bylaws.

Section 3.11 Fiscal Year. The fiscal year of the cooperative shall begin on the first day of January each year and end on the thirty-first day of December.

ARTICLE 4

Meetings of Members (Shareholders)

Section 4.1 Annual Meetings. The annual meeting of the members shall be held at least once a year at such time and place as the Board of Directors shall determine.

Section 4.2 Special Meetings.

A. Persons who Can request a Special Meeting: A special meeting of the members may be called at any time by the Board of Directors, or by the Chairman of the Board, or by the President, or by members holding not less than twenty percent (20%) of the Class A stock then outstanding.

B. Procedure to Request a Special Meeting: If a special meeting is called by other than the Board of Directors, the Chairman or the President, the request shall be in writing, specifying the desired time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transaction to any officer of the corporation. The officer receiving the request shall promptly give notice (in accordance with provisions of Section 4.3) to the members entitled to vote, calling the meeting for a date not less than thirty-five (35) nor more than sixty (60) days after receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may be given the notice.

Section 4.3 Notice of Meetings of Members.

A. Notice Procedure: Notices of meetings of members shall specify the place, date and hour of the meeting and shall be sent or otherwise given not less than ten (10) days nor more than sixty (60) days before the date of the meeting.

B. Notice of Purpose of the Meetings of Members: The notice shall specify (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the members. The notice of any meeting at which directors are to be elected shall include the names of any nominees whom, at the time of the notice, management intends to present for election. If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, (ii) an amendment of the articles of incorporation, (iii) a reorganization of the corporation, (iv) a voluntary dissolution of the corporation, or (v) a distribution in dissolution, the notice shall also state the general nature of that proposal.

C. Manner of Giving Notice: Notice of any meeting of members shall be given either personally or by first-class mail or telegraphic or other written or electronic communication, charges prepaid, addressed to each member at the address of that member appearing on the books of the corporation or given by the member to the corporation for the purpose of notice. If no such address appears on the cooperative's books or is given, notice shall be deemed to have been given if sent to that member by first-class mail or telegraphic or other written communication to the corporation's principal executive office.

D. Proof of Notice: Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written or electronic communication. An affidavit of

the mailing or other means of giving notice of any meeting of members may be executed by the Secretary, Assistant Secretary, or any transfer agent of the corporation giving the notice, and filed and maintained in the minute book of the corporation, and shall constitute prima facie evidence of giving notice to the member.

Section 4.4 Quorum. The presence in person or by proxy of holders of a majority of the shares entitled to vote at any meeting of members shall constitute a quorum for the transaction of business. The members present at a dually called or held meeting to which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the required quorum.

Section 4.5 Adjournment.

A. Vote of Adjournment: Any meeting of members, whether or not a quorum is present, may be adjourned by the vote of the majority of the shares entitled to vote represented at that meeting, either in person or by proxy, but in absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 4.4 above.

B. Notice of Adjournment: When any meeting of members, either annual or special, is adjourned to another time and place, notice of the adjourned meeting need not be given if the time and place are announced at the meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new record date. Where notice of any such adjourned meeting is required to be given, it shall be given to each member of record entitled to vote at the adjourned meeting, in accordance with the provisions of Section 4.3. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 4.6 Voting.

Voting Rights: Each share of class A stock is entitled to one vote which may be exercised by its holder in person or by proxy. Class B Stock is non-voting except where otherwise required by law. The members entitled to vote at any meeting of members shall be determined in accordance with the provisions of Section 4.7. The members' vote may be by voice or by ballot; provided, however, than any election for directors must be by ballot if demanded by any member before the voting has begun.

Section 4.7 Record Date for Member Notice, Voting, and Giving Consents. For purposes of determining the members entitled to notice of any meeting or to vote, the Board of Directors may fix in advance a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting, and in this event only members of record on the date so fixed are entitled to notice and to vote, notwithstanding any transfer of any shares on the books of the corporation after the record date. If the Board of Directors does not fix a record date, the record date for determining members entitled to notice of or to vote at a meeting of members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

Section 4.8 Proxies. Every person entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the corporation. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, typewriting, or otherwise) by the member or the member's attorney-in-fact. A validly executed proxy which does not state that is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the corporation

stating that the proxy is revoked, or by subsequent proxy executed by, or attendance at the meeting and voting in person by the person executing the proxy, or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy.

Section 4.9 Member Approval of Loans to Directors. All loans by the cooperative or any of its subsidiaries to directors or to the member firms with which such directors are affiliated shall be on such terms as are generally available to all members under similar circumstances, and, after having been approved by the cooperative in its normal fashion, must be specially reviewed and unanimously approved by a director's Loan Committee consisting of two persons (and one or more alternates for each) to whom the members have given their special proxies for such purpose. One such special proxyholder (and his alternate) shall be an officer or an employee of the corporation and the other special proxyholder (and his alternate) shall be neither an officer nor an employee of the cooperative.

Section 4.10 Inspectors of Election. Before any meeting of members, the Board of Directors may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the chairman of the meeting may, and on the request of any member or a member's proxy shall, appoint one or more inspectors of election at the meeting. The inspectors of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, ballots, or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members. The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are more than one inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election shall be prima facie evidence of the facts stated therein.

ARTICLE 5

Section 5.1 Powers. Except as otherwise provided by law, the articles of incorporation, or these bylaws, all corporate powers and business of the corporation shall be exercised by the Board of Directors.

Section 5.2 Number and Qualification of Directors. The authorized number of directors shall be four (4) until changed by a dually adopted amendment in this bylaw. Three (3) of the directors of the cooperative must be a member or a partner or executive officer of and active in the business of a member and his/her term shall automatically terminate when the status ceases. One (1) of the directors may be a person who is not a member of the cooperative.

Section 5.3 Election of Directors. The Board of Directors shall be divided into three classes, each class to have, as near as possible, an equal number of directors. The term of office of directors of the first class shall expire at the annual meeting next ensuing this classification; the term of office of the second class shall expire at the second annual meeting of members next ensuing this classification; and their term of office of directors of the third class shall expire at the third annual meeting of members ensuing this classification. At each annual meeting of the members, directors of the class whose term shall be elected for a full term of three years to succeed the directors of such class, so that the term of office of the directors of one class shall expire in each year; provided that nothing herein shall be construed to prevent (i) the election of a Director to succeed himself, (ii) the election of a Director for

the remainder of an unexpired term in the class of directors to which he is elected, or (iii) amendment of the bylaws to increase or decrease the number of directors. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized and empowered, in the manner provided in these bylaws, to make, alter, amend and repeal the bylaws of this cooperative in any respect not inconsistent with the laws of the State of Delaware.

Section 5.4 Annual Meeting. Promptly following each annual meeting of the members, the Board of Directors shall hold a regular meeting for the purpose of organization, for the election of officers and the transaction of other business. Notice of this meeting shall not be required.

Section 5.5 Regular and Special Meetings. Regular and special meetings of the Board of Directors shall be called by the chairman of the Board of Directors shall be called by the Chairman of the Board of Directors or the President. Oral or written notice of each meeting of the Board of Directors shall be given each director by or under the direction of the Secretary not less than forty-eight (48) hours prior to the time of the meeting. Regular or special meetings shall be held at such times and places as designated by the Chairman or the President. Notice of a meeting may be waived by all directors, and appearance at the meeting constitutes a waiver of notice unless such appearance is for the purpose of protesting such lack of notice.

Section 5.6 Action without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors shall consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors, and any resolution so adopted may be certified as having been adopted at a meeting of the Board of Directors held at the principal executive office of the corporation on the date of the last signature to the consent. Such written consent or consents shall be filed with the minutes of the proceeding of the Board.

Section 5.7 Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business. Every act or decision made by the majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as an act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 5.8 Compensation of Directors. Directors and members of committees of the Board may receive such compensation, if any, for their services, and such reimbursements of expenses, as may be fixed or determined by resolution of the Board of Directors. Any contract with a director or officer shall be on commercially reasonable terms not differing materially from the terms of similar contracts entered into with third parties, provided that directors may enter into contracts with the cooperative only with the approval of the Board of Directors.

Section 5.9 Executive Committee. The Board of Directors may, in its discretion, appoint from among its own membership an executive committee, determining the tenure of office of the members thereof and their power and duties. The Board may allot to such executive committee all or any stated portion of the function and powers of the Board, subject to the general direction, approval and control of the Board. Copies of the minutes of any meeting of the executive committee shall be mailed to all directors within seven days following such meeting.

Section 5.10 Other Committees. The Board of Directors may, in its discretion, appoint Audit and such committees as may be necessary.

Section 5.11 Employment of a Manager. The Board of Directors shall have the authority to employ a manager or a management company and define the duties and fix the compensation of the manager or management company.

Section 5.12 Bonds and Insurance. The Board of Directors shall require the manager or management company and all other officers, agents and employees charged by the cooperative with responsibility for the custody of any of its funds or property amounting to one thousand dollars or more, in any one year, to give adequate bonds. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the Board and the cost thereof shall be paid by the corporation. The Board shall provide for the adequate insurance of the property of the cooperative, or stored by it, and not otherwise adequately insured, and in addition insurance covering liability for accidents to all employees.

Section 5.13 Accounting System and Audit. The Board of Directors shall have installed and maintained an adequate system of accounts and records. At least once a year the Board shall obtain the services of a competent and disinterested public auditor or accountant, who shall audit the books and accounts of the cooperative and render a report in writing thereon, which report shall be submitted to the members at their annual meeting. This report shall include a statement of the amount of business transacted with members and the amount transacted with non-member patrons, the balance sheet, and an operating statement for the fiscal period under review.

Section 5.14 Removal. A director may be removed, with or without cause, by a majority vote of the body which elected that director at any annual or special meeting or in the case of directors appointed by the Board of Directors, by a vote of the Board of Directors. Any director may be removed for cause by a two-thirds majority of the Board of Directors. Cause shall include, but not be limited to: failure to pay amounts owed to the cooperative, consecutive unexcused absences from the meetings of the Board of Directors or otherwise failing to discharge the responsibilities of a director.

ARTICLE 6

Officers

Section 6.1 Election of Officers. The officers of the cooperative shall be chosen by the Board of Directors, and shall serve at the pleasure of the board, subject to the rights, if any, of a manager, management company, or of an officer under contract of employment.

Section 6.2 Officers. The officers of the cooperative shall be a President, Chief Financial Officer, a Secretary and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, a Vice Chairman of the Board and one or more Vice Presidents. Any number of offices may be held by the same person.

Section 6.3 Removal and Resignation of Officers.

A. Removal: Subject to the rights, if any, of an officer under any contract of employment (as referred to in Article 6.1), and officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board.

B. Resignation: Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or any later time specified in that notice, and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

Section 6.4 Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

Section 6.5 Chairman and Vice Chairman of the Board. The Chairman of the Board, if such an officer has been elected, shall, if present, preside at meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the bylaws. The Vice Chairman, if such an officer has been elected, shall in the absence, refusal to act, or disability of the Chairman, perform the duties and exercise the powers of the Chairman and shall perform such other duties as the Board of Directors shall prescribe.

Section 6.6 President. The President shall be the Chief Executive Office of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the corporation. He shall preside at all meetings of the members and, in the absence of the Chairman and Vice Chairman of the Board, or if there be none, at all meetings of the Board of Directors (even though he is not a member of the Board and is not entitled to vote). He shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the bylaws. The president shall give, or cause to be given, notice of all meetings of the Board of Directors required by the bylaws or by law to be given.

Section 6.7 Vice President. In the absence refusal to act, or disability of the President, the Vice Presidents, if any, in the order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President designated by the Board of Directors, perform all the duties of the President, and who so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall have such other powers and perform such other duties as from time to time may be prescribed for them by the Board of Directors, the bylaws or the President.

Section 6.8 Chief Financial Officer. The Chief Financial Officer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the cooperative, including accounts of its assets, liabilities receipts, disbursements, gains, losses, capital, retained earnings, and shares. The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors, or, if so authorized by the Board of Directors, by the President. He shall disburse the funds of the cooperative as may be ordered by the Board of Directors, or, if so authorized by the Board of Directors, by the President. He shall disburse the funds of the cooperative as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the corporation and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President or the bylaws.

Section 6.9 Secretary. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all the meetings and actions of directors, committees of directors, and members with the time and place of holding, whether regular or special, and if special, how authorized, the notice given, the name of those present at directors' meetings or committee meetings, the number of shares present or represented at members' meetings, and the proceedings. The Secretary shall also keep, or cause to be kept, at the principal executive office or at the office of the cooperative's transfer agent or registrar, as determined by resolution of the Board of Directors, a record of members or a duplicate record of members, showing the names of all members and their addresses, the number and classes of shares held by each, the number of certificates issued for the same, and the number and date of cancellation of every certificate

surrendered for cancellation. The Secretary shall also give, or cause to be given, notice of all meetings of the members required by the bylaws or by law to be given, and he shall keep the seal of the corporation, if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President, or the bylaws.

Section 6.10 Treasurer. In the absence of refusal to act of the Chief Financial Officer, the Treasurer shall be the Chief Financial Officer of the corporation. The Treasurer shall perform such duties as the Board of Directors, President, or Chief Financial Officer may determine.

ARTICLE 7

Indemnification of Directors, Officers, Employees and Other Agents. The cooperative shall indemnify each of its directors, officers, employees, and agents to the maximum extent permitted by the bylaws of the State of Delaware.

ARTICLE 8

Records and Reports

Section 8.1 Maintenance and Inspection of Record of the Members. The corporation shall keep at its principal executive office, or at the office of the transfer agent or registrar, if either be appointed and as determined by resolution of the Board of Directors, a record of its members, giving the names and addresses of all the members and the number and classes of shares held by each. The right of members to inspect the record of members shall be as set forth in the bylaws.

Section 8.2 Maintenance and Inspection of Bylaws. The cooperative shall keep at its principal executive office a copy of the bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during office hours.

Section 8.3 Maintenance and Inspection of Other Corporate Records. The accounting books and records and minutes of proceedings of the members, the Board of Directors, and any committees of the Board of Directors shall be kept at such place or places designated by the Board of Directors or, in the absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written form and the accounting books and records shall be kept in either written form or in any other form capable of being converted into written form. The right of members to inspect the minutes and accounting books and records shall be as set forth in these bylaws.

Section 8.4 Inspection of Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the cooperative and each of its subsidiaries. This inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

Section 8.5 Annual Report to Members. The Board of directors shall cause an annual report to be sent to the members not later than one hundred twenty (120) days after the close of the fiscal year adopted by the cooperative. This report shall be sent at least fifteen (15) days before the annual meeting of members to be held during the next fiscal year. The annual report shall contain a balance sheet as of end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent accountants.

Section 8.6 Financial Statements. A copy of any annual financial statement and any income statement of the cooperative for each quarterly period of each fiscal year and any accompanying balance sheet of the

corporation as of the end of each such period that have been prepared by the cooperative shall be kept on file in the principal executive office of the corporation for twelve (12) months and each such statement shall be exhibited at all reasonable times to any member demanding an examination of any such statement or a copy shall be mailed to any such member.

ARTICLE 9

General Corporate Matters

Section 9.1 Offices. The principal office for the transaction of business of the cooperative shall be selected by the Board of Directors which is hereby granted full power and authority to change the principal office at any such time. Branch or subordinate offices of the corporation or its subsidiaries may be established at any time or place selected by the Board.

Section 9.2 Record Date for Purposes Other Than Notice and Voting. For purposes of determining the members entitled to receive payment of any dividend or other distribution or allotment of any rights (other than Patronage Refunds which are not distributions with respect to share ownership) or entitled to exercise any rights in respect of any other lawful action (other than action by members by written consent without a meeting), the Board of Directors may fix, in advance, a record date which shall not be more than sixty (60) days before any such action, and in that case only members of record on the date so fixed are entitled to receive the dividend, distribution, or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided by the laws of the State of Delaware. If the Board of Directors does not fix a record date, the record date for determining members for any such propose shall be the close of business on the date on which the Board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

Section 9.3 Corporate Contracts and Instruments; How Executed. The Board of Directors, except as otherwise provided in these bylaws, may authorize any officer(s), agent(s), or employee(s) to enter into any contract or execute any instrument in the name of and behalf of the cooperative and this authority may be general or confined to specific instances; and unless, so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the cooperative by any contract or engagement or to pledge its credit or to render it liable for any purpose of for any amount.

Section 9.4 Certificates of Shares. Certificates for shares of the Class A and Class B stock of the cooperative shall be issued for each member's account but only for shares for which the corporation has been fully paid. All share certificates shall be legended to give notice of the restrictions of transferability of and eligibility to own shares, and of the corporation's right of offset. Certificate for Allocation Shares shall be so identified on their face. All certificates shall be signed in the name of the cooperative by Chairman or Vice Chairman of the Board or the President or Vice President and by the Chief Financial Officer or the Secretary, certifying the number and class of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that officer, transfer agent, or registrar before that certificate is issued, it may be issued by the cooperative with the same effect as if that person were an officer, transfer agent, or registrar at the date of issue.

Section 9.5 Lost certificates. Except as provided in this Section 9.5, no new certificates for shares shall issued to replace an old certificate unless the latter is surrendered to the cooperative and canceled at the same time. If a share certificate for any other security is lost, stolen, or destroyed, the Board of Directors may require, including provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the cooperative against any claim that may be made against it, including any expense or liability, on account

of the alleged loss, theft, or destruction of the certificate or receipt or the issuance of the replacement certificate or receipt.

Section 9.6 Voting of Shares of Other Corporation. The Chairman of the Board, the President, or any Vice President, or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated officers, is authorized to vote on behalf of the cooperative in person or by proxy any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the corporation.

ARTICLE 10

Amendments

New bylaws may be adopted or these bylaws may amended or repealed by the vote or written consent of a majority of the members entitled to vote or, except in the case of an amendment to a bylaw changing the authorized number of directors, by the Board of Directors.