

INDUSTRIAL SUPPLY ASSOCIATION BYLAWS

ARTICLE I – CORPORATE MATTERS

Section 1 – Name

The name of the corporation shall be the Industrial Supply Association (hereafter referred to as “the Association”), a non-stock nonprofit corporation organized under the General Corporation Laws of Delaware. The Association is the surviving corporation in the merger effective July 1, 2004 of the Industrial Supply Manufacturers Association (“ISMA”) and the Industrial Distribution Association (“IDA”) into the Association as the surviving corporation pursuant to an Agreement of Merger (the “Agreement of Merger”).

Section 2 – Principal Office

The principal office of the Association shall be located at such place as the Board may from time to time determine. The Board may establish from time to time such other offices as may be required as a result of the operations and activities of the Association.

Section 3 – Purpose

The purpose of the Association is to act as a trade association, as defined in Section 501(c)(6) of the Internal Revenue Code of 1986 as amended, to foster, promote, improve, further and enhance the interests of the industrial supply industry and to undertake such programs, services and activities as are lawful and consistent with this purpose.

ARTICLE II – DEFINITIONS

As used in these Bylaws, the following capitalized terms shall have the meaning set forth in this Article II:

“Associate Director” shall mean an individual elected or appointed to the Board who is an owner or employee of an Associate Member.

“Associate Member” shall mean an individual or entity engaged as a manufacturer’s representative of maintenance, repair, operating and production products sold through the industrial distribution channel to end user customers and who (i) is sponsored for membership by two Manufacturer Members and (ii) represents the MROP Products of at least two Manufacturer Members. Each member in good standing of the North American Industrial Representatives Association as of September 19, 2005 not already an Associate Member shall be eligible to become an Associate Member through 2005 without cost. Thereafter membership dues for these Associate Members shall be determined in accordance with these Bylaws.

“Board” shall mean the duly elected or acting Board of Directors of the Association.

“Board Approval” shall mean the vote of a simple majority of the entire Board without regard to the number of votes from Distributor Directors and the number of votes from Manufacturer Directors.

“Distributor Director” shall mean an individual elected or appointed to the Board who is an owner or employee of a Distributor Member.

“Distributor Member” shall mean any person or entity engaged in the distribution and sale of MROP Products through the industrial distribution channel to end user customers.

“MROP Products” shall mean products used or consumed in the maintenance, repair, operating or production processes of end-users.

“Manufacturer Director” shall mean an individual elected or appointed to the Board who is an owner or employee of a Manufacturer Member.

“Manufacturer Member” shall mean an individual or entity engaged in the manufacture of MROP Products, a portion of which are sold through the industrial distribution channel to end user customers.

“Regular Members” shall mean and include both Distributor Members or Manufacturer Members.

“Simple Majority Vote” shall mean the vote of a majority of the Voting Members participating in a meeting at which a quorum is present or participating, or acting by written consent in lieu of a meeting, without regard to the percentage of Distributor Members and Manufacturer Members voting.

“Special Board Approval” shall mean a majority vote of the entire Board consisting of a majority vote from both the Manufacturer Directors and the Distributor Directors.

“Special Majority Vote” shall mean the vote of a majority of the Voting Members participating in a meeting at which a quorum is present or participating, or acting by written consent in lieu of a meeting provided that such majority is made up of at least a majority of the Distributor Members voting or acting by written consent and a majority of the Manufacturer Members voting or acting by written consent.

“Staff Executive” shall mean an individual employed by the Association, having such title and being assigned such specified duties as are established from time to time by Board resolution adopted by Special Board Approval.

“Voting Member” shall mean a Regular Member or an Associate Member.

ARTICLE III – MEMBERSHIP

Section 1 – Classifications

A. *Regular Members* – Any person or entity engaged in the manufacture or distribution of MROP Products sold through the industrial distribution channel to end-user customers may become a Regular Member. Such person or entity shall be classified either as a Manufacturer Member or Distributor Member based upon said person's or entity's primary activities. Any question concerning the classification of such person or entity shall be resolved by Special Board Approval.

B. *Associate Members* – Any person or entity meeting the definition of Associate Member may become an Associate Member.

C. *Affiliate Members* – The Board, from time to time by resolution adopted by Special Board Approval, may establish one or more classifications of Affiliate Members. Affiliate Members shall have a direct educational, technical, regulatory or business relationship with the Regular Members of the industrial distribution channel. Provided, however, that persons or entities meeting the eligibility requirements to become a Regular Member or an Associate Member may not become an Affiliate Member.

D. *Honorary Members* – An individual having made an exemplary contribution to the MROP industry may become an Honorary Member with Board Approval. Notwithstanding the preceding sentence, all members of the President's Council shall be Honorary Members without requiring Board Approval.

Section 2 – Voting Rights

Only Regular Members and Associate Members shall have the right to vote on Association matters. Provided, however, that the Board by resolution adopted with Board Approval, may authorize the members of any other classification to vote on a matter affecting such class. Each Regular Member shall have one vote.

Section 3 – Application

Application for membership shall be made in writing and shall state, in addition to other information or references that may be requested, the name, place, nature of the applicant's business and classification of membership being requested. The applicant shall also submit the amount of any application fee established by the Board. In the application, the applicant shall agree that, if applicant becomes a member, the applicant shall (i) be bound by these Bylaws, as they may be amended from time to time and (ii) pay when due all dues, assessments and charges established from time to time by the Board.

Section 4 – Resignation – Claims to Assets

Any member may resign at any time by giving notice in writing to the Association, to become effective at the end of the fiscal year in which such resignation is received by

the Association; provided, however, that each such resigning member shall be liable for all dues, assessments, other charges and pro rata share of obligations incurred by the Association for the fiscal year in which the resignation becomes effective. Except for Honorary Members, any individual member who resigns or retires from the MROP industry shall be considered as having resigned as a member of this Association effective as of the date of such resignation or retirement and shall be subject to the provisions of this section. If an entity member resigns, leaves the MROP industry or goes out of business altogether, such member shall nonetheless remain liable for the foregoing dues, assessments, other charges and obligations. No resigning member shall have any claim against any funds or property of the Association.

Section 5 – Suspension or Expulsion

A member of the Association shall be subject to expulsion or suspension from this Association only for one or more of the following reasons:

- (a) Non-payment of dues, assessments or other charges for a period of ninety (90) days from the date on which they were due and payable.
- (b) Gross violation of these Bylaws (as amended from time to time) or any rule or practice adopted by the Board.
- (c) Participation in activities which bring, or may tend to bring, the Association and/or its members into conflict with any of the laws of the United States, any state or territory therefor or the laws of any foreign country, province or state.

Before any member may be expelled or suspended under item (b) or (c) above, such member shall be served with a full statement of charges against the member and be provided with an adequate opportunity to be heard before a meeting of the Board at which a quorum is present. No member shall be expelled or suspended under item (b) or (c) above unless two-thirds of the Board present at the aforementioned meeting vote in favor thereof. No hearing and no two-thirds vote of the Board shall be required to expel or suspend a member because of non-payment under item (a) above. Expulsion shall operate as a release and assignment to the Association of any and all pecuniary interests of the expelled member in the funds or property of the Association.

Section 6 – Privileges

Members of each classification shall have such rights and privileges (other than voting), as are established from time to time by Board resolution adopted by Special Board Approval.

ARTICLE IV - MEMBER MEETINGS

Section 1 – Regular Meetings

One or more regular meetings of the Voting Members shall be held on such

dates and at such times and places, if any, as are set by the Board. The first regular meeting of each calendar year shall be designated as the annual meeting.

Section 2 – Special Meetings

Special meetings of the Voting Members may be called either by the President or any three Directors. The date, time and place, if any, shall be determined by the person or persons calling the meeting. Calls for special meetings shall specify the purposes thereof.

Section 3 – Notice of Meetings

The Secretary shall cause each member to receive two weeks written notice of each regular and special meeting, accompanied by a written agenda. Provided however, in the case of a special meeting to resolve a financial, legal or regulatory emergency as declared by a Special Board Approval, the Secretary shall cause each member to receive not less than five (5) days notice by facsimile transmission or by e-mail transmission, accompanied by an agenda and a brief statement of the nature of the emergency. All notices shall state the time, date, place, if any, and purpose of the meeting. Confirmed facsimile transmissions and e-mail transmissions shall constitute written notice.

Section 4 – Place of Meetings

Meetings of Voting Members shall be held at the principal office of the Association unless otherwise specified by the person or persons calling the meeting.

Section 5 – Written Actions

Any action which may be authorized or taken at a meeting of the Voting Members, including the election of officers and directors, may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing signed by, a majority of the Voting Members unless a Special Majority Vote or a greater proportion of the members' authorization or approval is required by these Bylaws or by law. Facsimile transmissions and e-mail transmissions from a Voting Member shall constitute a writing signed by a Voting Member.

Section 6 – Meetings by Telephone or Other Electronic Equipment

Meetings of Voting Members may be held by means of communication equipment or other electronic equipment provided that all persons participating in such meeting can hear or otherwise communicate with each other.

Section 7 – Electronic Voting

The Board may specify in the notice of any meeting of the Voting Members that any requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be

submitted with information from which it can be determined that the electronic transmission was authorized by the member or proxy holder.

Section 8 – Quorum and Transaction of Business – Proxy

The presence of, or participation by, ten percent (10%) of the entire authorized number of Voting Members in person or by proxy shall constitute a quorum for the transaction of business to be considered at such meeting. The act of a majority of the Voting Members present at or participating in a meeting at which a quorum is present shall be the act of the members unless a Special Majority Vote or of a greater proportion of the members authorization or approval is required by these Bylaws or by the applicable law. A Voting Member shall be deemed to be present at any meeting, or participating in such meeting, in which the member is represented by a person holding a written proxy from the Voting Member, a copy of which was delivered to the Association in advance of the meeting. Facsimile transmissions and e-mail transmissions from a member shall constitute a written proxy. A Voting Member (or its proxy) participating in a meeting by means of communication equipment or other electronic equipment shall be counted as present for quorum purposes.

ARTICLE V – DIRECTORS

Section 1 – Number of Directors

The number of directors shall be seventeen, consisting of: twelve members elected at-large (six Distributor Directors and six Manufacturer Directors); four members to be elected both as a director and officer; and one Associate Director. The four officer members of the Board shall hold the offices of President, Vice President, Secretary and Treasurer. The four offices shall be held by two Distributor Directors and two Manufacturer Directors as provided in Article VII of these Bylaws. By Special Board Approval, the number of directors may be increased or decreased. At all times the Board shall be comprised of an equal number of Distributor Directors and Manufacturer Directors. Except as provided in the following paragraph, only individuals who are Regular Members or individuals who are actively employed by a Regular Member shall be eligible to be a director. If an individual serving as a director ceases to be a Regular Member or to be actively employed by a Regular Member, his or her term as a director shall automatically terminate and the vacancy shall be filled in accordance with the provisions of this Article V.

Only an individual who is an Associate Member or an individual who is actively employed by an Associate Member shall be eligible to be the Associate Director. If an individual serving as the Associate Director ceases to be an Associate Member or to be actively employed by an Associate Member, his or her term as the Associate Director shall automatically terminate and the vacancy shall be filled in accordance with the provisions of this Article V.

With Special Board Approval, one or more representatives of the Associate Members and Affiliate Members may be appointed as advisors to the Board for

specified terms. Such representatives of the Associate Members and Affiliate Members shall have no vote on Board matters and shall not be counted for quorum purposes.

Section 2 – Staggered Terms

The terms of the at-large Distributor Directors and Manufacturer Directors shall be staggered so that one-third (1/3) of the total number of these directors shall run for a three year term of office at each annual meeting of the members. Directors who are also officers shall run for a one year term of office at each annual meeting of the members. Additionally, individuals running for the remainder of any term created by a vacancy may be elected at the annual meeting or any other meeting of the members.

Section 3 – Term of Office – Term Limits

At-large Distributor Directors and Manufacturer Directors shall be elected to serve a term of three years. Directors who are officers shall be elected to serve a term of one year. The Associate Director shall be elected to serve a term of one year. Each Director's term of office shall commence on July 1st following the annual meeting at which the election is held. No individual shall be eligible to serve more than ten consecutive years on the Board.

Section 4 – Resignation – Removal

Any director may resign at any time upon written notice to the Association. Any director shall be deemed to have resigned automatically if the director ceases to be a Regular Member or ceases to be an active employee of a Regular Member.

A director may be removed only by a resolution adopted by a Special Board Approval at a regular or special meeting of the Board and only if the notice for such meeting specifically listed the removal vote as an agenda item.

Section 5 – Vacancies

The Board shall have the option to (i) fill any vacancy itself, (ii) fill the vacancy by vote of the Regular Members at the next members meeting, or (iii) leave the seat vacant until the end of the term. The option selected and, if appropriate, the filling of the vacancy, shall be set forth in resolution adopted by majority vote of the Distributor Directors if the vacancy is in a seat held by a Distributor Director, or by majority vote of the Manufacturer Directors if the vacancy is in a seat held by a Manufacturer Director, or by Board Approval if the vacancy is in the seat held by the Associate Director.

Section 6 – Quorum and Transaction of Business

All directors, as elected or appointed hereunder, shall be considered for quorum and voting purposes. The presence of a majority of the whole authorized number of directors shall constitute a quorum for the transaction of business. Unless a Special Board Approval, or other vote or majority is specified by these Bylaws or by law, the Board shall act only through resolutions adopted with Board Approval.

Section 7 – Regular Meetings

Unless the Board determines otherwise, regular meetings of the Board shall be held immediately prior to, simultaneously with or immediately following regular meetings of the members.

Section 8 – Special Meetings

A special meeting of the Board may be called by the President or any three directors and shall be held at such time, date and place, if any, as determined by the person or persons calling the meeting. Calls for special meetings shall specify the purposes thereof.

Section 9 – Notices of Meetings

The Secretary shall cause each director to receive not less than two (2) days written notice of each regular and special meeting, accompanied by a written agenda by facsimile transmission, email transmission or other means. All notices shall state the time, date, place, if any, and purpose of the meeting. Confirmed facsimile transmissions and email transmissions shall constitute written notice.

Section 10 – Place of Meetings

Meetings of the Board shall be held at the principal place of the Association unless otherwise specified by the President for any regular meeting or by the person or persons calling the meeting in the case of special meetings.

Section 11 – Written Actions

Any action which may be authorized or taken at a meeting of the directors may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing signed by the required majority of directors as set forth in these bylaws (i.e. either Board Approval or Special Board Approval). Facsimile transmissions and email transmissions from a director shall constitute a writing signed by such director.

Section 12 – Meetings by Telephone or Other Electronic Equipment

Meetings of directors may be held by means of communication equipment or other electronic equipment provided that all persons participating in such meeting can hear or otherwise communicate with each other. Participation in the meeting by such means shall constitute attendance and presence in person of such persons for quorum and voting purposes.

ARTICLE VI – BOARD COMMITTEES

Section 1 – Executive Committee

The acting President, Vice President, Treasurer and Secretary shall constitute

the Executive Committee which shall have and may exercise, when the Board is not in session, the powers of the Board in the management of the Association. Provided, however, the Executive Committee may not take action on any matter which requires a Special Board Approval under these Bylaws or a greater majority required by law. The affirmative vote of at least three (3) members of the Executive Committee shall be the act of the Executive Committee. The Executive Committee may, consistent with this section, conduct meetings and act by written consent in the same manner as is provided in these Bylaws for the Board.

Section 2 – Nominating Committee

The Board shall appoint a Nominating Committee which shall be comprised of the Immediate Past President, the President, the Vice President, a Distributor Member and a Manufacturer Member. If the Immediate Past President is no longer employed by a Regular Member, then the next Immediate Past President, if qualified as a Regular Member or active employee of a Regular Member, shall serve on the Nominating Committee. If the next Immediate Past President is not qualified, then the Board shall appoint another director to fill this position. The person so appointed shall be a Distributor Director if the Immediate Past President was a Distributor Director and shall be a Manufacturer Director if the Immediate Past President was a Manufacturer Director. The Nominating Committee shall, by a majority vote of its members, select a chairman and shall designate nominees for election as officers and as the required number of at-large members of the Board.

In designating such nominees, the Nominating Committees shall be required to select nominees who, if elected, will retain the rotation of the office of the President, the equal number of directors serving as officers, and the equal number of Distributor Directors and Manufacturer Directors.

Section 3 – Appointment of Committees

The Board may create such additional committees, councils, divisions or segments, with powers and responsibilities as it may deem appropriate. The President shall have the power, with Board Approval, to make appointments to such committees, councils, divisions or segments.

Section 4 – Presidents Council

The former presidents of IDA and ISMA shall constitute the Presidents Council. During the Association's first year of operation, the immediate past presidents of ISMA and IDA shall act as co-chairmen of the Presidents Council. Thereafter, the Association's Immediate Past President shall act as chairman of the Presidents Council. The Presidents Council shall perform such duties and take such actions as are determined from time to time by the Board. Upon invitation extended by the Board, members of the Presidents Council may attend meetings of the Board as non-voting observers.

Section 5 – Conference Call Meetings

Any meeting of any committee, council, division or segment may be held and action taken through the use of conference telephone or other communication equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meeting in such manner shall constitute attendance and presence in person at the meeting for quorum and voting purposes.

ARTICLE VII – OFFICERS

Section 1 – Election Term

Officers– At the annual meeting, the Regular Members shall elect four officers – the President, Vice President, Secretary and Treasurer – each of whom shall also be elected as members of the Board and each of whom shall serve a one year term in such office commencing on July 1st following such annual meeting. Candidates for the four offices shall be restricted to individuals who are nominees selected by the Nominating Committee. The office of President shall rotate each year between a representative of a Distributor Member and a representative of a Manufacturer Member.

Equal Representation – At all times the four offices of the President, Vice President, Secretary and Treasurer shall be held by two Distributor Directors and two Manufacturer Directors. No individual may serve in more than one office at the same time. Provided, however, that an individual, in addition to his or her primary office, may also serve as assistant treasurer or assistant secretary.

Section 2 – Vacancy

In the event of a vacancy in the office of President, the Vice President shall perform the duties of President until the Board fills the office of President. Serving as President under such circumstances shall not alter the normal rotation of the presidency that would occur had no vacancy arisen.

Any vacancy in the office of President shall be filled by majority vote of the Distributor Directors if the President was a Distributor Director and by majority vote of the Manufacturer Directors if the President was a Manufacturer Director. Any vacancy in the offices of Vice President, Secretary or Treasurer shall be filled by the Board. In filling the vacancy, the Board shall maintain the equal representation in the offices provided for herein.

Section 3 – President

The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board. The President shall have the general supervision of the management of the affairs of the Association and shall see that all orders and resolutions of the Board are carried into effect.

Section 4 – Vice President

During the absence or disability of the President, the Vice President shall have all the powers and functions of the President. The Vice President shall perform such duties as the Board shall prescribe.

Section 5 – Treasurer

The Treasurer and/or Treasurer's designate shall have responsibility of all the funds and securities of the Association, and shall deposit said funds in the name of the Association in such bank, trust company or brokerage account as the Board may elect; the Treasurer and/or designate shall, when duly authorized by the Board, sign and execute all checks, drafts and contracts in the name of the Association. The Treasurer and/or Treasurer's designate shall at all reasonable times exhibit financial books and accounts to any Director or member of the Association upon application at the office of the association during ordinary business hours. At the end of each fiscal year, an audit of the accounts of the Association will be conducted by a certified public accountant appointed with Board Approval.

Section 6 – Secretary

The Secretary shall keep, or cause to be kept, the minutes of the meetings of the Board, the members, the Executive Committee, the Presidents Council and any other committee, council, division or segment. The Secretary shall have the custody of the seal of the Association, if any, and shall affix such seal and/or attest to the giving and serving of all notices of the Association and shall have charge of such books and papers as the Board may direct; the Secretary shall attend to such correspondence as may be assigned to him or other, and perform all duties incidental to such office. The Secretary shall keep, or cause to be kept, membership rolls containing the names, alphabetically arrange and addresses of all members, and the date when each became a member.

Section 7 – Staff Executive

By resolution adopted by Special Board Approval, the Board may employ a Staff Executive. Such Staff Executive shall have such title and such duties as are assigned from time to time by the Board with Special Board Approval.

The Executive Committee shall interview candidates for the position of Staff Executive and periodically review the performance and compensation of the Staff Executive. The Executive Committee shall make its recommendations concerning hiring, performance, compensation and retention of the Staff Executive to the Board. Final decisions concerning the Staff Executive shall be made only by the Board with Special Board Approval.

The Executive Committee may employ other employees as necessary to perform duties and have reporting responsibility as determined by the Executive Committee.

Section 8 – Association Management Company

By resolution adopted by Special Board Approval, the Board may retain an association management company to perform such routine administrative duties and to undertake such special projects as may be assigned from time to time with Board Approval.

The Executive Committee shall interview candidates for the position of association management company and periodically review the performance and compensation of the association management company. The Executive Committee shall make its recommendations concerning hiring, performance, compensation and retention of the association management company to the Board. Final decisions concerning the association management company shall be made only by the Board with Special Board Approval.

ARTICLE VIII – DUES & REVENUES

Section 1 – Not for Profit

The Association shall in no way operate for profit and will raise no revenue other than that which is required for (i) the payment of the general operating expenses of the Association and such other expenses as may be authorized from time to time at regular or special meetings of the members and directors and (ii) the accumulation of reasonable reserves.

Section 2 – Dues and Assessments

With Special Board Approval, the Board shall have the sole responsibility for establishing and assessing all amounts due from members in the nature of annual dues, special assessments, fees and other charges (collectively “Assessments”) that are required to fund the operations of the Association and to establish reasonable reserves. At the discretion of the Board, such Assessments may be assessed against members uniformly, by classification of member or in graduated levels, in fixed amounts or by formula based upon the sales or other common characteristics of members such as number of employees or total payroll.

Section 3 – Other Sources of Income

With Special Board Approval, the Board may establish rules for the Association to have other sources of revenue (such as publication income or admission to trade shows or symposiums) and for the retention of such income for the Association or the sharing of part or all of such income with other associations or entities.

ARTICLE IX – FISCAL MATTERS

Section 1 – Contracts

The Board may authorize any officer, or officers, agent or agents of the

Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2 – Checks, Drafts, Etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by the Board.

Section 3 – Deposits

The funds of the Association shall be deposited to the credit of the Association in such banks, trust companies, brokerage accounts or other depositaries as the Board may select.

Section 4 – Fiscal Year

The fiscal year of the Association shall be established by Board resolution adopted by Special Board Approval.

ARTICLE X – INDEMNIFICATION AND INSURANCE

Section 1 – Indemnification in Nonderivative Actions

The Association shall indemnify any person who was or is a party or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the Association, by reason of the fact that the person is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another association, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

Section 2 – Indemnification in Derivative Actions

The Association shall indemnify any person who was or is a party or is

threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another association, partnership, joint venture, trust, or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Association unless, and only to the extent that, the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to be indemnified for such expenses as the Court of Chancery or such other court shall deem proper.

Section 3 – Indemnification as Matter or Right

To the extent that a director, officer, employee, or agent of the Association has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 and 2 above, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

Section 4 – Determination of Conduct

Any indemnification under Sections 1 and 2 above, unless ordered by a court, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2 above. Such determination shall be made (a) by the Board by a majority vote of a quorum consisting of directors of the Association who were not parties to such action, suit, or proceeding, or (b) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the Simple Majority Vote of the Regular Members.

Section 5 – Advance Payment of Expenses

Expenses, including attorneys' fees, incurred by an officer or director in defending any civil, criminal, administrative, or investigative action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Article X. Such expenses, including attorneys' fees, incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

Section 6 – Nonexclusivity

The indemnification and advancement of expenses provided by or granted pursuant to this Article X shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, Simple Majority Vote of Regular Members or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7 – Liability Insurance

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another association, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article X or of §145 of the Delaware General Corporation Law.

Section 8 - Consolidations or Mergers

For purposes of this Article X, references to “the Association” shall include, in addition to the resulting association, any constituent Corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, or agents, so that any person who is or was a director, officer, employee, or agent of such constituent association, or is or was serving at the request of such constituent Corporation as a director, officer, employee, or agent of another association, partnership, joint venture, trust, or other enterprise shall stand in the same position under this Article X with respect to the resulting or surviving Corporation as he would have with respect to such constituent Corporation if its separate existence had continued.

Section 9 - Meaning of Certain Terms

For purposes of this Article X, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Association” shall include any service as a director, officer, employee, or agent of the Association which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Association” as referred to in this Article X.

Section 10 - Successors

The indemnification and advancement of expenses provided by or granted pursuant to this Article X shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

ARTICLE XI – SPECIAL PROVISIONS

Section 1 – Excess

Calculation – The Board shall determine the net cash of ISMA and IDA as of July 1, 2004. Cash shall include the cash balance in all deposit accounts (adjusted for deposits in transit and outstanding checks), investments in marketable securities and any deposits which will be converted to cash by September 30, 2004. IDA's and ISMA's respective liabilities accrued as of July 1, 2004 shall be deducted from their respective cash totals, whether known or unknown at July 1, 2004. Accrued liabilities shall be deducted from total cash whenever they become known to the Association, whether paid or not. Neither IDA nor ISMA shall be credited with any cash or other value for any other assets transferring to the Association in the merger unless those assets are converted to cash by September 30, 2004. Rent received by ISA from subletting IDA's Atlanta office shall be added to IDA's cash total up to the amount of rent liability subtracted from IDA's cash total. The calculation shall be adjusted from time to time to reflect the discovery of accrued liabilities for as long as the Board determines.

The difference between the IDA net cash and the ISMA net cash shall be referred to in this Section as the "Excess Cash."

Use of Excess Cash – If IDA's net cash is greater than ISMA's net cash, the Distributor Directors, acting by majority vote, shall have sole discretion and authority as to the timing and the use of the Excess Cash. If ISMA's net cash is greater than IDA's net cash, the Manufacturer Directors, acting by majority vote, shall have sole discretion and authority as to the timing and the use of the Excess Cash.

Notwithstanding the above, Excess Cash may only be used to further the stated purposes of this Association.

ARTICLE XII – AMENDMENTS

These Bylaws may be amended only by the Board of Directors in a resolution adopted by Special Board Approval or by the Regular Members by Special Majority Vote.

If the amendment is to be made by the Regular Members, the proposed amendments shall be sent to the Regular Members at least thirty (30) days prior to the meeting at which the vote will be taken. The Regular Members may also act on any amendment by written consent.