

AMENDED AND RESTATED BYLAWS
OF
EMPLOYERS INSURANCE COMPANY OF WAUSAU

AMENDED AND RESTATED BYLAWS

EMPLOYERS INSURANCE COMPANY OF WAUSAU

ARTICLE I

PRINCIPAL PLACE OF BUSINESS

The home office and a principal place of business of the Corporation shall be in the City of Wausau, in the County of Marathon, and in the State of Wisconsin. The Corporation may have such other offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the Corporation may require from time to time. The records and documents required by law to be kept by the Corporation permanently shall be kept at the Corporation's home office.

ARTICLE II

SHAREHOLDERS

Section 1. ***Annual Meeting of Shareholders.*** The annual meeting of the shareholders shall be held at the home office of the Corporation or at such other place, within or without the State of Wisconsin, as the Board of Directors may select, at such time each year as shall be fixed from time to time by the Chairman of the Board, for the purpose of electing a Board of Directors, and for the transaction of such other business as may properly be brought before the meeting. If the election of Directors shall not be held on the day designated as herein provided for any annual meeting of the shareholders or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as is practicable.

Section 2. ***Special Meetings.*** Special meetings of the shareholders, for any purpose or purposes, may be called by (1) the Chairman of the Board, the Chief Executive Officer, or such other officer(s) as the Board of Directors may authorize from time to time, (2) the Board of Directors, or (3) a committee designated by the Board of Directors in accordance with Article IV of these Bylaws if invested with power to call special meetings. Further, special meetings of the shareholders shall be called by the Chief Executive Officer or by the Secretary at the request of the holders

of not less than one-tenth of all of the outstanding shares of the Corporation entitled to vote at the meeting. Special meetings may be held at any place within or without the State of Wisconsin as shall be designated in the notice of meeting. Only business within the purpose described in the special meeting notice shall be conducted at a special shareholders' meeting.

Section 3. ***Notice of Meetings of Shareholders.*** Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose(s) for which the meeting is called, shall be delivered not less than ten days nor more than 60 days before the date of meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at shareholder's address as it appears on the share record books of the Corporation, with prepaid postage thereon.

Section 4. ***Quorum.*** Except as otherwise provided by law, a majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders and a majority (a plurality in the case of election of directors) of votes cast at any meeting at which a quorum is present shall be decisive of any motion or election. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which may have been transacted at the meeting as originally noticed.

Section 5. ***Proxies.*** At all meetings of shareholders, a shareholder entitled to vote may vote by proxy appointed in writing by the shareholder. A proxy appointment shall become effective when received by the Secretary or other officer or agent of the Corporation authorized to tabulate votes. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

Section 6. ***Voting of Shares.*** Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of the shareholders.

Section 7. ***Voting of Shares by Certain Holders.*** Shares standing in the name of another corporation may be voted by the proxy committee of such other corporation, any proxy appointed by such proxy committee, or any elected officer of such other corporation, in the absence of express notice to this Corporation, given in writing to the Secretary, of the designation of some other person by the Board of Directors or the Bylaws of such other corporation. Shares held by an administrator, executor, guardian, conservator, trustee in bankruptcy, receiver, or assignee for creditors may

be voted by him or her, either in person or by proxy, without a transfer of such shares into his or her name, provided that there is filed with the Secretary before or at the time of meeting proper evidence of his or her incumbency and the number of shares held. Shares standing in the name of a fiduciary may be voted by him or her, either in person or by proxy.

Section 8. ***Fixing of Record Date.*** The Board of Directors may fix a future date as the record date for the purpose of determining (1) shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, (2) shareholders entitled to demand a special meeting under Section 2 of this Article, (3) shareholders entitled to receive payment of any dividend, or (4) shareholders, for any other proper purpose. The record date shall be no more than 70 days before the date on which the particular action requiring this determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the close of business on the date on which notice of the meeting is mailed or on the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall be applied to any adjournment thereof unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 9. ***Waiver of Notice by Shareholders.*** Whenever any notice whatever is required to be given to any shareholder of the Corporation under the Amended and Restated Articles of Incorporation or Bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of the meeting, by the shareholder entitled to such notice, shall be deemed equivalent to the giving of such notice; provided that such waiver in respect to any matter of which notice is required under any provision of Chapter 180, Wisconsin Statutes, shall contain the same information as would have been required to be included in such notice, except the time and place of meeting. A shareholder's attendance at a meeting, in person or by proxy, waives objection to lack of notice or defective notice, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting the business at the meeting.

Section 10. ***Informal Action by Shareholders.*** Any action required or permitted by the Amended and Restated Articles of Incorporation or Bylaws or any provision of law to be taken at a meeting of the shareholders, may be taken without a meeting

if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE III

BOARD OF DIRECTORS

Section 1. **General Powers.** The Corporation's powers shall be exercised by or under the authority of, and its business and affairs shall be managed under the direction of, its Board of Directors.

Section 2. **Number of Directors.** The number of Directors shall be ten (10).

Section 3. **Qualifications.** Directors need not be shareholders of the Corporation.

Section 4. **Regular Meetings.** Meetings of the Directors shall be held at the principal office of the Corporation in the City of Wausau, Wisconsin, or at such other place, within or without the State of Wisconsin as may be designated by the Chief Executive Officer, at least four times in each year as shall be fixed from time to time by the Chief Executive Officer.

Section 5. **Special Meetings.** The Chief Executive Officer may, at any time in such officer's discretion, call special meetings of the Directors, and shall call a special meeting whenever a majority of the number of Directors fixed by Section 2. of Article III above shall, in writing, request the Chief Executive Officer so to do. The Secretary shall give notice of all meetings of the Directors. Such notice shall be mailed to each Director at least five days prior to holding such meeting. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with prepaid postage thereon. Whenever any notice whatever is required to be given to any Director of the Corporation under the Amended and Restated Articles of Incorporation or Bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the Director entitled to such notice, shall be deemed equivalent to the giving of such notice. A Director's attendance at a meeting waives objection to lack of notice or defective notice, unless the Director at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting the business at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of such meeting.

The action of a majority of the Directors present at any regular or special meeting at which a quorum is present shall be valid notwithstanding any defect in the notice of such meeting.

Section 6. ***Quorum.*** A majority of the Directors then in office shall constitute a quorum of the Board of Directors for the transaction of business.

Section 7. ***Manner of Acting.*** The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the Amended and Restated Articles of Incorporation or these Bylaws.

Section 8. ***Meetings by Electronic Means of Communication.*** The Board of Directors, or any committee of the Board, may, in addition to conducting meetings in which each Director participates in person and notwithstanding any place set forth in the notice of the meeting or these Bylaws, conduct any regular or special meeting by the use of any telephonic or other electronic means of communication, provided that (1) all participating Directors may simultaneously hear each other during the meeting or (2) all communication during the meeting is immediately transmitted to each participating Director and each participating Director is able to immediately send messages to all other participating Directors. Before the commencement of any business in the meeting at which any Directors do not participate in person, all participating Directors shall be informed that a meeting is taking place at which official business may be transacted.

Section 9. ***Nomination and Election of Directors.*** The election and terms of Directors shall be governed by Article VIII of the Amended and Restated Articles of Incorporation of the Corporation.

At least 30 days prior to the annual meeting of the shareholders, the Board of Directors shall nominate candidates for the office of Director to succeed the Directors whose terms of office will expire on the date of such annual meeting and shall thereupon file the names of such candidates with the Secretary. Any holder or holders of shares of capital stock entitled to vote at any meeting of the shareholders may also nominate candidates to succeed the Directors whose terms of office will expire on the date of such meeting by filing with the Secretary at least 30 days before such annual meeting a certificate signed and acknowledged by each such shareholder setting forth the full names and addresses of such shareholders and giving the names and addresses of the candidates nominated and by filing with such certificate the written acceptance of such nomination by each nominee named in such certificate.

No candidate not nominated by the Board of Directors or by shareholders as above provided shall be voted upon except by the consent of the holders of three-quarters of the outstanding shares entitled to vote at such meeting, either in person or represented by proxy.

Section 10. ***Removal/Resignation.*** A Director may be removed from office by the affirmative vote of a majority of the outstanding shares entitled to vote for the election of such Director, taken at an annual meeting of the shareholders or at a special meeting of the shareholders called for that purpose.

Any Director may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or the Secretary of the Corporation. Any such resignation shall take effect when the notice of resignation is delivered, unless the notice specifies a later effective date and the Corporation accepts the later effective date. Unless otherwise specified in the notice of resignation, the acceptance of resignation shall not be necessary to make it effective.

Section 11. ***Vacancies.*** Any vacancy in the Board of Directors, unless otherwise provided by law, may be filled by the vote of a majority of the Directors present at a meeting at which a quorum is present; provided that if the Board of Directors is reduced to less than a majority by reason of vacancies, however caused, the remaining Directors, by a majority vote, or the remaining Director may fill such vacancies. Such Director(s) so elected shall serve until the next annual meeting of the shareholders at which time a Director shall be elected to fill the unexpired term or for such lesser term as may be necessary to maintain the number of Directors to be elected at each ensuing annual meeting at, or as nearly as possible at, one-third of the membership of the Board of Directors.

Section 12. ***Compensation and Expenses.*** Except as otherwise provided by law, the Board of Directors, irrespective of any personal interest of any of its members, may (1) establish reasonable compensation of all Directors for services to the Corporation as Directors or delegate this authority to an appropriate committee, (2) provide for, or delegate authority to an appropriate committee to provide for, reasonable pensions, disability or death benefits, and all other benefits or payments to Directors and to their estates, families, dependents or beneficiaries for prior service rendered to the Corporation by the Directors and (3) provide for reimbursement of reasonable expenses incurred in the performance of the Directors' duties, including the expense of traveling to and from Board meetings.

Section 13. **Contributions.** The Board of Directors may, subject to any restrictions imposed by law and to such rules as it may adopt, make contributions of such sums of money as it determines to be reasonable for public welfare or for charitable, scientific or educational purposes.

Section 14. **Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if the consent to the action so taken shall be obtained by adoption of or written consent to a resolution authorizing or ratifying the action so taken by all Directors. Any action without a meeting of the Board shall be limited to situations where time is of the essence and not in lieu of regularly scheduled meeting.

ARTICLE IV

COMMITTEES

Section 1. **Executive Committee.** The Board of Directors may designate an Executive Committee consisting of not less than seven Directors. The Chairman of the Board, the Chief Executive Officer, and the President shall be members of the Executive Committee. Employees of the Corporation shall not constitute a majority of the Executive Committee. A majority of the members of the Executive Committee shall constitute a quorum. The Executive Committee shall have all powers of the Board of Directors in the management of the business and affairs of the Corporation when the Board of Directors is not in session, but it shall, at all times, be subject to the control of the Board of Directors and perform such duties as the Board of Directors may order. The Executive Committee shall meet at regular intervals at the home office of the Corporation or such other place and at such time as determined by the Chief Executive Officer. The Chief Executive Officer may at any time in such officer's discretion call special meetings of the Executive Committee.

Section 2. **Nominating Committee.** The Board of Directors may designate a Nominating Committee consisting of three or more Directors which shall suggest to the Board of Directors the names of persons to be nominated as candidates for the office of Director.

Section 3. **Investment Committee.** The Board of Directors may designate an Investment Committee consisting of three or more Directors. The Investment Committee shall recommend to the Board of Directors the general investment policy for the Corporation. The Investment Committee shall meet at regular intervals determined by the Chief Executive Officer to perform its function. The Chief

Executive Officer may at any time in such officer's discretion call special meetings of the Investment Committee.

Section 4. ***Audit Committee.*** The Board of Directors may designate an Audit Committee consisting of three or more Directors. Neither the President nor the Chief Executive Officer shall be members of the Audit Committee. The Audit Committee shall recommend to the Board of Directors the appointment of an independent accounting firm, review the financial statements with the accounting firm, inquire into the effectiveness of the Corporation's internal auditing methods and procedures, and report to the Board of Directors at the conclusion of their audit. The Audit Committee shall meet at regular intervals at the home office of the Corporation or such other place and at such time as determined by the chairman of the Committee.

Section 5. ***Other Committees.*** The Board of Directors may at any time designate one or more committees, each consisting of three or more Directors, one of whom shall be the Chief Executive Officer or such person as the Chief Executive Officer shall designate to represent him, to exercise the powers of the Board in the management of the business affairs of the Corporation to the extent authorized by law and in the resolution.

Section 6. ***Notice of Meetings of Committees.*** No notice of regular meetings of any committee shall be necessary. Reasonable notice shall be given of special meetings of any committee, but the action of the majority at any regular or special meeting of any committee shall be valid notwithstanding any defect in the notice of such meeting. Article III, Section 8, captioned "Meetings by Electronic Means of Communication," is hereby incorporated into this Article IV by reference.

ARTICLE V

OFFICERS OF THE CORPORATION

Section 1. ***Officers.*** The elective officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, Vice Chairman of the Board, a President, a Secretary, a Treasurer and other officers as the Board of Directors may elect or appoint or provide for by resolution from time to time. The principal officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a Vice Chairman of the Board, a President, a Secretary, and a Treasurer. The Chairman of the Board, the Chief Executive Officer and the Vice Chairman of the Board shall be Directors of the Corporation. The Board of Directors may at any time remove any officer so elected and appointed. The Board of Directors may provide for the

appointment of such additional officers as it may deem for the best interest of the Corporation. Each such officer shall hold office for one year or until (1) such officer's successor shall be duly elected, (2) such officer's death or (3) such officer shall resign or shall be removed by the Board of Directors.

Section 2. ***Vacancies.*** A vacancy in any of the offices set forth in Sections 3., 4., 5., 6., and 7. of Article V because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for any unexpired portion of the term.

Section 3. ***The Chairman of the Board.*** The Chairman of the Board shall preside as Chairman of all meetings of the Directors and shareholders of the Corporation.

Section 4. ***Chief Executive Officer.*** The Chief Executive Officer shall be the chief executive officer and shall exercise general administrative leadership and direction of the Corporation in conformity with actions and controls established and maintained by the Board of Directors. The Chief Executive Officer shall have the power and authority to execute on behalf of the Corporation any and all documents, contracts, instruments, or other papers to which the signature of the Corporation is to be attached; provided, however, a facsimile signature may be printed, engraved, or stamped on any approved document, contract, instrument or other papers of the Corporation.

In the absence of the Chairman of the Board, or at the request thereof, the Chief Executive Officer shall preside at meetings of the shareholders and the Board of Directors, sign the record of such meetings at which such officer shall preside and shall have such other powers and duties as may be prescribed by the Board of Directors.

Section 5. ***Vice Chairman of the Board.*** In the absence of the Chairman of the Board and Chief Executive Officer or at the request of either such officers, the Vice Chairman of the Board shall perform the duties of the Chairman of the Board and when so acting, shall have all the power of and be subject to all of the restrictions upon the Chairman of the Board; and in addition thereto, shall perform such other duties as may be assigned by the Chairman of the Board, by the Chief Executive Officer or by the Board of Directors.

Section 6. ***President.*** The President shall be the Chief Operating Officer of the Corporation and shall, in compliance with the laws of the State of Wisconsin,

Restated and Amended Articles of Incorporation and these Bylaws, and in concurrence with the Chief Executive Officer and actions of the Board of Directors, direct the activities of its officers.

Except as provided for by resolution of the Board of Directors or by memorandum from the Chief Executive Officer, the President shall have the power and authority to execute on behalf of the Corporation those documents, contracts, instruments, or other papers to which the signature of the Corporation is to be attached; provided, however, a facsimile signature may be printed, engraved or stamped on any approved document, contract, instrument, or other papers of this Corporation. The President shall exercise the discretion of and perform generally all of the duties incident to the office of President and such other and further duties as may be required by the Board of Directors and the Chief Executive Officer.

Section 7. **Secretary.** The Secretary shall keep a record of the minutes of the Corporation and of its Board of Directors and its committees. The Secretary shall countersign all instruments and documents executed by the Corporation which the law or the Corporation's Bylaws require to be so countersigned, and affix to instruments and documents the seal of the Corporation, whenever required by law or by the Board of Directors. The Secretary shall keep all documents, instruments, records, papers, books, or like things pertaining to the business of the Corporation, and shall keep in proper books therefore the actions of the Corporation and shall perform such other duties as are usually incident to such office. President and Secretary shall not be the same person.

Section 8. **Treasurer.** The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation, receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by or under the authority of the Board of Directors or any committee designated by the Board of Directors; and (b) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned by the Chief Executive Officer, the Board of Directors or any committee designated by the Board of Directors.

Section 9. **Resignation.** Any officer may resign at any time by giving written notice to the Board of Directors, the Chief Executive Officer, the President, or the Secretary. Any such resignation shall take effect when the notice of resignation is delivered, unless the notice specifies a later effective date and the Corporation

accepts the later effective date. Unless otherwise specified in the notice of resignation, the acceptance of resignation shall not be necessary to make it effective.

Section 10. ***Powers of Attorney.*** The Chief Executive Officer, the President or the Secretary, subject to such limitations as the Board of Directors may prescribe, shall execute such powers of attorney as are necessary to make effective the insurance policies and the contracts of the Corporation.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND FUNDS OF CORPORATION

Section 1. ***Contracts.*** The Board of Directors may authorize any officer(s) or agent(s) to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation and such authorization may be general or confined to specific instances.

Section 2. ***Loans.*** No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by or under authority of a resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

Section 3. ***Checks, Drafts, etc.*** All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer(s) or agent(s) of the Corporation and in such manner as shall from time to time be determined by or under authority of a resolution of the Board of Directors.

Section 4. ***Funds of Corporation.*** All funds of the Corporation shall be deposited or invested to the credit of the Corporation in such depositories or in such securities as may be authorized by the Board of Directors or any committee designated by the Board of Directors or by these Bylaws, except that securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of such bank or banking and trust company, and the Corporation may acquire and hold securities in bearer form. The officers and employees of the Corporation handling funds and securities of the Corporation shall give surety bonds in such sums as the Board of Directors or any committee designated by the Board of Directors to act on its behalf may require.

ARTICLE VII

SURPLUS AND OTHER FUNDS

The Corporation shall maintain such reserves and guaranty funds as are required by law. The Board of Directors may determine what amounts in addition to the amount required by law shall be set aside from time to time as contingent and special reserves.

ARTICLE VIII

PARTICIPATION IN SURPLUS

Surplus accumulations on such contracts of insurance as may be issued by the Corporation upon the participating basis shall be returned to policyholders in accordance with the laws of Wisconsin under the exclusive direction of the Board of Directors. The Board of Directors may in its discretion classify holders of participating policies into groups on such basis and in such manner as may be permitted by law.

ARTICLE IX

DIVIDENDS

The Board of Directors may from time to time declare, and the Corporation may pay, dividends upon its outstanding shares in the manner and upon the terms and conditions provided by law and the Amended and Restated Articles of Incorporation.

ARTICLE X

CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. *Certificates for Shares.* Certificates representing shares in the Corporation shall, at a minimum, state on their face all of the following: (1) the name of the issuing corporation and that it is organized under the laws of the State of Wisconsin; (2) the name of the person to whom issued; and (3) the number of shares that the certificate represents. The share certificates shall be signed by the Chief Executive Officer, the President, or any vice president, and by the Secretary or any assistant secretary or any other officer(s) designated by the Board of Directors. A record shall be kept of the name of the owner(s) of the shares represented by each certificate, the number of shares represented by each certificate, the date of each

certificate, and in case of cancellation, the date of cancellation. Every certificate surrendered to the Corporation for exchange or transfer shall be canceled, and no new certificate(s) shall be issued in exchange for any existing certificate(s) until the existing certificate(s) shall have been so canceled, except that in a case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

Section 2. ***Consideration for Shares.*** The Corporation's shares may be issued for such consideration as may be fixed from time to time by the Board of Directors.

Section 3. ***Transfer of Shares.*** Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by such holder's legal representative, who shall furnish proper evidence of authority to transfer, or by such holder's attorney authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. Where a share certificate is presented to the Corporation with a request for register for transfer, the Corporation shall not be liable to the owner or any other person suffering a loss as a result of the registration of transfer if (1) there were on or with the certificate the necessary endorsements and (2) the Corporation had no duty to inquire into adverse claims or has discharged the duty. The Corporation may require reasonable assurance that the endorsements are genuine and effective in compliance with such regulations as may be prescribed by or under the Board of Directors' authority. The person in whose name shares stand on the books of the Corporation shall, to the full extent permitted by law, be deemed by the Corporation to be the owner thereof for all purposes.

Section 4. ***Stock Regulations.*** The Board of Directors shall have the power and authority to make such further rules and regulations not inconsistent with the statutes of the State of Wisconsin as the Board may deem expedient concerning the issue, transfer and registration of certificates representing shares of the Corporation.

ARTICLE XI

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 1. ***Indemnification of Directors, Officers and Employees.*** The Corporation shall indemnify each director, officer and employee to the extent that he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director, officer or employee was a party because he or she is or was a director, officer or employee of the Corpo-

ration. In addition, the Corporation shall indemnify each director, officer and employee against liability, including reasonable related expenses, incurred by the director, officer or employee in any proceeding to which the director, officer or employee was a party because he or she is or was a director, officer or employee of the Corporation, unless the liability was incurred because the director, officer or employee breached or failed to perform a duty that he or she owed to the Corporation and such breach or failure to perform constitutes any of the following:

- A. A willful failure to deal fairly with this Corporation or its members in connection with the matter in which the director, officer or employee had a material conflict of interest.
- B. A violation of the criminal law, unless the director, officer or employee had a reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful.
- C. A transaction from which the director, officer or employee derived an improper personal profit, or
- D. Willful misconduct.

The Corporation shall indemnify each director, officer and employee in connection with any proceeding or a part thereof initiated by such director, officer or employee only if such proceeding, or the relevant part thereof initiated by that person, was authorized by or on behalf of the Corporation in a determination made pursuant to Section 4 below.

Section 2. ***Other Rights.*** The rights of indemnification under this Article XI shall not be deemed exclusive of any other rights to which those persons seeking indemnification may be entitled under the Amended and Restated Articles of Incorporation, these Bylaws, any agreement, vote of members or disinterested directors, or otherwise, including court ordered indemnification, and shall continue as to any such person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of any such person.

Section 3. ***Payment of Expenses as Incurred.*** The Corporation shall pay to or on behalf of each director and, upon determination under Section 4 below, may pay to or on behalf any officer or employee, his or her reasonable expenses as incurred in any such proceeding, provided that any such payment of expenses as incurred to or on behalf of any director or officer in advance of final disposition of such proceeding

shall be made only after delivery to the Corporation of an appropriate affirmation and undertaking in accordance with laws of the state of Wisconsin, and provided further that the Corporation may require delivery of an appropriate affirmation and undertaking before any payment of expenses as incurred to or on behalf of any employee in advance of final disposition of such proceeding.

Section 4. ***Determination of Indemnification and Payment of Expenses as Incurred.*** Any determination under this Section 4 shall be the discretionary. Notwithstanding anything in this Article XI, the Corporation shall not indemnify any director, officer or employee under Section 1 or Section 2 hereof nor allow any director, officer or employee to retain the benefit of the payment of any incurred expenses pursuant to Section 3 hereof, unless it is determined by or on behalf of the Corporation that the liability for incurred expenses did not arise from the director's, officer's or employee's breach or failure to perform a duty that he or she owed to the Corporation which constitutes conduct described under subsections A, B, C or D of Section 1 of this Article. Any director, officer or employee who is a party to the same or related proceeding for which indemnification or any payment of expenses is sought, may not participate in any determination under this Section 4, with respect thereto. Any determination by or on behalf of the Corporation regarding indemnification or payment of expenses, or other authorization under this Article XI shall be made: (A) by the Board of Directors by a majority vote of a quorum consisting of directors who were not, and are not, parties to or threatened with any such proceeding, or (B) if such a quorum is not obtainable, or if a majority of vote of a quorum of disinterested directors so directs, in a written opinion by independent legal counsel meeting the requirements of independence prescribed by the laws of the state of Wisconsin, or (C) by the members, or (D) by the Circuit Court of Marathon County, Wisconsin, or the court in which such proceeding was brought or is pending.

Section 5. ***Contractual Rights; Applicability.*** The right to be indemnified or to the payment of expenses as incurred pursuant this Article XI (i) is a contract right based upon good and valuable consideration, pursuant to which the person entitled thereto may bring suit as if the provision hereof were set forth in a separate written contract between the Corporation and such person, (ii) is intended to be retroactive and shall be available with respect to events occurring prior to the adoption hereof, and (iii) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto.

Section 6. ***Insurance.*** The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Corporation against any liability asserted against such person and incurred in any such capacity,

or arising out of the status of such, whether or not the Corporation would have the power to indemnify such person against such liability under this Article XI.

Section 7. **Definition.** As used in this Article XI, director, officer or employee of the Corporation means any of the following:

- A. An individual who is or was a director, officer or employee of the Corporation.
- B. An individual who, while a director, officer or employee of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, manager, employee or agent of another corporation or foreign corporation, limited liability Corporation, partnership, joint venture, trust or other enterprise.
- C. An individual who, while a director, officer or employee of the Corporation, is or was serving an employee benefit plan because his or her duties to the Corporation also impose duties on, or otherwise involve services by, the person to the plan or to the participants in or beneficiaries of the plan.
- D. Unless the context requires otherwise, the estate or personal representative of a director, officer or employee.

ARTICLE XII

EMERGENCIES

Notwithstanding any other provision of these Bylaws, the Board of Directors may, at any time, adopt a resolution in accordance with authority now or hereafter vested in it under which, to the extent and upon the terms stated therein, corporate powers may be exercised during the existence of emergency conditions.

ARTICLE XIII

AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors. Any Bylaw adopted by the Board shall be subject to amendment or repeal by the shareholders.

Effective _____