

**BYLAWS OF
ZIMMER FOUNDATION**

**I.
CORPORATION**

1.1 **NAME.** The name of this corporation is ZIMMER FOUNDATION.

1.2 **PURPOSES.** The purposes of the Corporation are those that are set forth in the Articles of Incorporation.

1.3 **PLACES OF BUSINESS.** The corporation shall have such places of business within and without the City of Ann Arbor, Michigan, as the Board of Directors shall determine from time to time.

1.4 **DIRECTORSHIP.** The Corporation is organized on a directorship basis. The property, business, and affairs of the Corporation shall be managed by its Directors.

1.5 **FISCAL YEAR.** The fiscal year of the corporation shall begin on October 1 and end on September 30 of each year.

**II.
BOARD OF DIRECTORS**

2.1 **NUMBER AND TERM OF OFFICE.** The number of Directors and their term of office shall be as specified in the Articles of Incorporation.

2.2 **POWERS AND DUTIES.** The Board of Directors shall have charge, control and management of the business, property, affairs, and funds of the corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these bylaws, with the Articles of Incorporation or with the laws of the State of Michigan.

2.3 **MEETINGS OF DIRECTORS.**

(a) Annual meetings of the Board of Directors shall be at its office in Ann Arbor, Michigan, or at such other place within or without the State of Michigan as may from time to time be selected by the Directors, on the 25th day of September in each year (or if said day be a legal holiday, then on the next succeeding day not a holiday), for the purpose of electing or appointing directors and officers for the ensuing year and for the transaction of such other business as may properly be brought before the meeting.

(b) Special meetings of the Board of Directors may be held at any time upon the call of the President or of any two of the Directors who shall give written notice to all of the

Directors, of the time, location, and purpose of each such special meeting by mail, telegram, or in person not less than three days prior to such meeting.

(c) Any action required or permitted to be taken at any Annual or Special Meeting of the Board of Directors may be taken without a meeting, without prior notice and without a vote if written consent setting forth the action taken is signed by all Directors then in office. The written consent shall be filed with the minutes of the proceedings of the Board of Directors and shall have the same force and effect as a vote of the Directors for all purposes.

2.4 WAIVER OF NOTICE. Attendance at any meeting by a Director constitutes a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. In addition, the director may submit a signed waiver of notice that shall constitute a waiver of notice of the meeting.

2.5 TELEPHONIC CONFERENCES. A Director may participate in a meeting of Directors by a conference telephone or similar communication equipment by which all persons participating in the meeting may hear each other if all participants are advised of the communications equipment and the names of the participants in the conference are divulged to all participants. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

2.6 QUORUM. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board and the acts of a majority of the Directors present at any such meeting at which a quorum is present shall be the acts of the Board of Directors. Less than a quorum of the Directors shall have power to adjourn any such meeting.

2.7 COMPENSATION. No member of the Board of Directors shall be entitled to any compensation for his services as Director, but may be reimbursed for reasonable expenses actually and necessarily incurred by him or her in the performance of his or her duties as Director. A Director may be paid reasonable compensation for performance of services in a capacity other than as a Director, provided that such compensation shall not be self-dealing or amount to an excess benefit transaction.

III. OFFICERS

3.1 OFFICERS. The officers shall be a Chairperson, a President, a Secretary, and a Treasurer, as well as such other officers, including assistant officers and one or more Vice-Presidents, as the Board of Directors shall deem appropriate. Edward Zimmer shall serve as Chairperson for the full term of his natural life or until his resignation. If Edward Zimmer shall cease to be Chairperson and Kathryn Zimmer is serving as Director at such time, then thereafter Kathryn Zimmer shall serve as Chairperson for the full term of her natural life or until her

resignation. The provisions of this Section 3.1 may only be amended by unanimous vote of all of the Directors of the Corporation.

3.2 ELECTION AND TERM OF OFFICE. The Board of Directors shall appoint the officers of the corporation. All officers of the corporation shall serve a term of one year and thereafter until their respective successors are chosen or until their resignation or removal. Except as otherwise provided in these bylaws, any officer may be removed from office at any meeting of the Directors, with or without cause, by the affirmative vote of a majority of the Directors, whenever in their judgment the best interests of the Corporation will be served thereby. An officer may resign by written notice to the Corporation. The resignation shall be effective upon its receipt by the Corporation or at a subsequent time specified in the notice of resignation. The Directors shall have power to fill any vacancies in any office occurring from whatever reason.

3.3 CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the Board of Directors.

3.4 PRESIDENT. The President, under the direction of the Board of Directors, shall have full charge of all activities and employees of the corporation. He or she shall appoint and employ such assistances as shall be required to conduct the business and affairs of the corporation and shall see that funds received are properly managed and disbursed. The President shall be ex officio a member (with vote) of all committees of the Board of Directors. He or she shall make recommendations to the Board from time to time regarding any phase of policy or administration, all to the end that the Board shall establish all major policies and be kept generally informed of problems relating to the administration and allocation of funds contributed to the corporation and the income therefrom. The President shall have the power, on behalf of the Directors, to perform all acts, execute and deliver all documents and take all steps that he or she may deem necessary or desirable in order to effectuate the actions and policies of the Board.

3.5 VICE-PRESIDENT. There may be one or more Vice-Presidents as determined by the Board of Directors. In the absence of the President, the Directors may designate one or more of the Vice-Presidents to perform the President's duties. The Vice-President(s) shall perform such other duties as shall be determined from time to time by the Board of Directors.

3.6 SECRETARY. The Secretary shall record all votes and the minutes of all proceedings of the Board of Directors. The Secretary shall send or cause to be sent notices of all meetings whenever such notice is required, shall receive and attend to all correspondence, shall have custody of all documents belonging to the corporation and of the corporate seal, and shall perform such other duties as usually pertain to his office or as shall be determined from time to time by the Board of Directors.

3.7 TREASURER. The Treasurer shall have charge of the funds of the corporation, the income therefrom, and such other funds as the Board of Directors may designate. The Treasurer shall maintain an accounting system which will give a true and accurate accounting of the financial transactions of the corporation, and shall render reports from time to time as requested by the President or the Board of Directors of his or her activities and the financial

condition of the corporation. All funds, the income therefrom, and other funds designated by the Board of Directors received by the Treasurer shall immediately be deposited in a depository designated by the Board of Directors.

IV.
INDEMNIFICATION AND INSURANCE

4.1 INDEMNIFICATION. Any person having to defend themselves in a judicial or administrative proceeding involving Chapter 42 of the Internal Revenue Code of 1986 ("IRC") or state laws relating to the mismanagement of the assets of a charitable organization arising out of actions taken while the person is or was an officer or Director of the corporation, shall be indemnified by the corporation against all attorneys' fees and expenses, other than taxes, penalties or expenses of corrections, sustained as a result of and incurred in connection with the defense of the proceeding, provided that:

1. The expenses are reasonably incurred by the officer or Director in connection with the proceeding, and
2. The officer or Director is successful in the defense of the proceeding, or the proceeding is terminated by settlement, and the person did not act willfully and without reasonable cause with respect to the act or failure to act regarding the liability for tax under Chapter 42, or the mismanagement of the assets of the corporation.

The corporation may purchase and maintain an insurance policy to provide liability coverage for the indemnification payments which may be made as provided above. The foregoing rights of indemnification shall, in the case of the death of an officer or Director of the corporation, inure to the benefit of the legal representatives of his estate, his heirs, successors and assigns.

4.2 INSURANCE. The corporation may also purchase and maintain or arrange for an insurance policy for any person who is or was an officer or Director of the corporation which covers:

1. Liability for a judgment and related expenses, including attorney fees and settlements not subject to indemnification, incurred in connection with a state mismanagement proceeding; and
2. Taxes, penalties, expenses of correction and all other expenses, including attorneys' fees, related to any proceeding instituted pursuant to Chapter 42, IRC.

If the corporation arranges for an insurance policy and the officers or Directors pay the premium of such insurance policy, then the corporation shall reimburse them for such payments. Each officer's and Director's share of the premium of any insurance policy maintained pursuant to this paragraph shall be treated as compensation paid to the covered officers and Directors, whether the corporation paid the premium directly or reimburses the officer or Directors for payment of the premium.

4.3 **ADDITIONAL INDEMNIFICATION AND INSURANCE.** The Corporation shall, to the fullest extent now or hereafter permitted by law and by regulations and rulings issued by the Internal Revenue Service, indemnify any Director or officer of the Corporation (and, to the extent provided in resolution of the Board of Directors or by contract, may indemnify any employee or agent of the Corporation) who was or is a party to or threatened to be made a party to any threatened, pending, or completed civil action, suit or proceeding by reason of the fact that such person is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, partner, Trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit, against expenses (other than taxes, penalties, or expenses of correction) including attorneys' fees (which expenses may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as provided by law), actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted (or refrained from acting) in good faith and in a manner such person reasonably believed to in or not opposed to the best interests of the Corporation and such person is either successful in his or her defense or the proceeding is terminated by settlement, and such person has not acted willfully and without reasonable cause with respect to the Corporation duties concerned. The Corporation may purchase and maintain insurance on behalf of any such person against any liability (including penalties, taxes, expenses of correction, judgments, settlements or expenses) asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article or under the provisions of Sections 561 through 565 of the Michigan Nonprofit Corporation Act. The foregoing notwithstanding, the Corporation shall not provide any indemnification or insurance to the extent that it would constitute an act of self-dealing under Section 4941 of the Internal Revenue Code.

4.4 **RIGHTS TO CONTINUE.** The indemnification herein provided for shall continue as to a person who has ceased to be a Trustee or officer of the Corporation and, to the extent provided in a resolution of the Board of Trustees or in any contract between the Corporation and such person, may continue as to a person who has ceased to be an employee or agent of the Corporation. Any indemnification of a person who was entitled to indemnification after such person ceased to be a Trustee, officer, employee or agent of the Corporation shall inure to the benefit of the heirs, personal representatives and administrators of such person.

V.
AMENDMENT OF BYLAWS

5.1 **AMENDMENT OF BYLAWS.** Except as otherwise provided in these bylaws, the bylaws may be amended, altered or repealed, in whole or in part, by the affirmative vote of a majority of Members or Directors at any meeting of the Members or Directors. Notice of the proposed amendment, alteration or repeal must be contained in the notice of the meeting. Notwithstanding the provisions of Section 2.4 of the bylaws, the Board of Directors may not amend, alter or repeal, the bylaws at an annual meeting unless notice of such meeting is given in the same manner as that provided for special meetings in Section 2.4 of the bylaws. No

amendment that is inconsistent with the Articles of Incorporation shall become effective prior to any amendment that may be required in said Articles of Incorporation.

VI.
SPECIAL GOVERNING PROVISIONS

6.1 SPECIAL GOVERNING PROVISIONS. Special governing provisions for the corporation are as follows:

1. The corporation will distribute its income for each tax year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws.
2. The corporation will not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws.
3. The corporation will not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws.
4. The corporation will not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws.
5. The corporation will not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws.

VII.
DISPOSITION OF ASSETS UPON DISSOLUTION

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such a manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any of such assets not so disposed of shall be disposed of by the Circuit Court of Washtenaw County, Michigan, if the principal office of the corporation is located in the said county at the time of dissolution of the said corporation, or by the Circuit Court (or equivalent thereof) of the county in which the principal office of the corporation is then

located, exclusively, for such purposes or to such organization or organizations, as the said Court shall determine, which are organized and operated exclusively for such purposes.

Adopted and Approved:

As of Feb. 18, 2000

By: Edw. J. Linnier

Its: Pres