

**BY-LAWS OF THE
TEXAS FEDERATION OF DRUG STORES, INC.**

ARTICLE I - NAME

The name of the Corporation shall be, TEXAS FEDERATION OF DRUG STORES, INC., a non-profit, non-stock membership corporation organized under the laws of the State of Texas.

ARTICLE II - OBJECT

Section 1. The Corporation shall be conducted for the mutual benefit of the retail drug store industry in the State of Texas and not for the financial profit of its members. The Corporation shall promote and extend the use and sale of products and services, sold, dispensed and offered in retail drug stores in the State of Texas; improve relations with suppliers, government, consumers, news media, educators and educational institutions, and other enterprises and professions concerned with the delivery of health care; and establish and maintain business practices of the highest standards.

Section 2. No part of the net earnings of the Corporation shall inure to the benefit of any individual or private shareholder or any officer, director, or member of the Corporation; and in the event of a dissolution of the Corporation all its assets, if any, shall be distributed either to a charitable institution or to some other nonprofit corporation qualifying as an exempt organization under the Internal Revenue Code of the United States as may be designated by the Board of Directors.

Section 3. The Corporation shall be nonpartisan and nonsectarian.

-1-

(As amended, 10/1/88, 1/14/94, 1/20/95...new Associate Member category approved by Board on 10/3/96 but Bylaws not amended)

ARTICLE III - MEMBERSHIP

Section 1. Membership in the Corporation shall be divided into two classes: Active and Honorary. The Board of Directors may establish additional classes of non-voting members.

Section 2. Active Members: Any person, firm or corporation engaged in operating retail drug stores in the State of Texas shall be eligible for Active Membership in the Corporation. "Retail drug stores" shall mean four (4) or more stores in each of which there is a registered pharmacist regularly employed to dispense prescriptions and for professional counsel.

Any person, firm or corporation entitled to an active membership may make application for such membership by filing an application and proof of pharmacy ownership to meet eligibility requirements with the Secretary of the Corporation, together with a check for the first year's dues, and upon approval of the application by a majority of the Board of Directors in a regular or special meeting, shall become an active member of the Corporation as long as the membership is in good standing.

Section 3. Honorary Members: The Board of Directors of the Corporation may nominate to the membership of the Corporation and the membership by a majority vote of those attending a duly constituted meeting may elect from such nominees as Honorary Members such person or persons not actively engaged in business who have in the estimation of the Board been particularly outstanding in contribution to the welfare and standing of the drug store industry. Honorary Members shall have no right or interest of any kind in the property or assets of the Corporation and shall have no vote.

ARTICLE IV - TERMINATION

Any member may resign at any time by sending notice thereof in writing to the Secretary and paying all dues to the end of the year during which the resignation is received. Members may be terminated for non-payment of dues, failure to maintain

membership eligibility, or failure to meet or comply with the Charter, By-Laws, or policies and procedures as adopted by this Corporation. An application for reinstatement shall be treated as a new applicant under Article III, Section 1 and 2. The termination of membership shall constitute a forfeiture of all interest and right of such member in the Corporation.

The Board of Directors shall develop a membership termination policy with all appropriate and necessary appellate processes. The Board shall notify the members in writing of the adopted termination policy.

ARTICLE V - VOTING

At all member meetings, whether regular or special, each Active Member shall be entitled to one vote for each retail drug store operated by such member in the State of Texas on each matter submitted to a vote at such meeting. In the election of Directors, such member may, by giving seventy-two (72) hours written notice to the Secretary of the Corporation, be entitled to cumulative voting.

ARTICLE VI - BOARD OF DIRECTORS

The Board of Directors shall consist of not less than nine (9) members. At the first meeting of the Board of Directors they shall draw lots to determine the term of their office. Three (3) directors shall have terms of one year, three (3) directors shall have terms of two years, and three (3) directors shall have terms of three years. Upon the expiration of the term of any director, his successor shall have a term of three (3) years.

The number of directors may be changed from time to time, by a majority vote of the Board of Directors, or may be changed at any annual meeting by a majority vote of those present in person or by proxy, provided that the authorized number of directors shall at no time be less than nine (9). The direction and management of the affairs of the Corporation, and the control of its property, shall be vested in the Board of Directors.

When a vacancy occurs on the Board by reason of death, resignation or other cause, the Board shall have the right to fill the vacancy for the unexpired term or until a successor has been elected and qualified. The President, Vice-President, and Secretary-Treasurer shall automatically occupy a place on the Board of Directors during their term of office.

A majority of the number of directors shall constitute a quorum for the transaction of business at any meeting. A director present by proxy may be counted toward a quorum, and a director may vote by proxy executed in writing as permitted by the Texas Miscellaneous Corporations Act, provided the proxy holder is an officer or a principal of the same member organization as that of the board member giving such proxy.

ARTICLE VII - COMMITTEES

The President shall appoint a legislative committee and such other committees as may be deemed-necessary and proper, and may delegate to such committees such duties as the Board shall deem necessary and proper.

ARTICLE VIII - OFFICERS

The Officers of the Corporation shall consist of the following: President, Vice-President, and Secretary-Treasurer.

The President, Vice-President, and Secretary-Treasurer shall be elected by the Board of Directors from the members of the Board. The other employees shall be subject to the approval of the Board. All officers shall hold office at the will of the Board of Directors.

The President shall preside at all meetings of the Board of Directors and at meetings of the members of the Corporation, and shall be generally responsible for the

carrying on of the business and affairs of the Corporation. The Vice-President shall act in the absence or inability to act of the President.

The Secretary-Treasurer shall be responsible for the maintenance of the records; issuance of notices; receipt of all monies; payment of bills; and, performance of such other duties as may be assigned to him by the Board of Directors.

The officers, upon expiration of their tenure in office, shall transfer all official records and property of the Corporation then in their possession to their duly qualified successors in office. New officers shall assume their duties on the first day following their election, and outgoing officers shall continue in office until their successors are elected and qualified.

ARTICLE IX - STAFF

The Board of Directors may employ, retain, contract, or designate an executive director and other staff necessary to assist the officers and directors of the Board in the performance of their duties and to fulfill the mission of the Corporation. The Board may designate the executive director or a staff person as the Corporation's agent for service, recording secretary, official representative, and such other duties as the Board deems necessary.

ARTICLE X - MEETINGS

The annual meeting of the members of the Corporation for the election of directors shall be held on such date in each calendar year, and at such place, as may be designated by the President. Such date shall be fixed by the President and notice thereof given to the Secretary-Treasurer at least twenty (20) days before the date so fixed.

Notice of the time and place of the annual meeting shall be sent by the Secretary-

Treasurer to each active member of the Corporation by mail or telegraph not less than fifteen (15) days prior to the date specified in the notice of the meeting.

A majority of the total votes held by active members present in person or by proxy shall constitute a quorum at all meetings of the members. Special meetings of members may be called at any time by the President or by the Board of Directors.

Special meetings shall be called by the Secretary-Treasurer at the request of ten (10) or more active members of the Corporation made in writing. Ten (10) days written notice of special meetings shall be sent by mail or telegraph to the active members.

Director meetings shall be held on such notice and shall be called under such rules and regulations as the members thereof may determine, or in the absence of any such rule or regulation, on not less than three (3) days telegraphic notice or four (4) days written notice.

ARTICLE XI - DUES AND FISCAL YEAR

The dues of active members shall be as fixed from time to time by the Board of Directors. The fiscal year shall end on the 31st day of August unless otherwise determined by the Board of Directors.

ARTICLE XII - GENERAL

Each member shall appoint one designated representative from their person, firm, or corporation to attend any meeting of the Corporation. Any action of any such representative shall be deemed to be the action of the member so represented. For the purpose of holding office, the representative of a member as above provided shall be deemed to be the member.

In case any person who is an Officer, Director or member of the Corporation shall no longer be the representative of a member, and the member shall so request it, such

person shall forthwith cease to be an Officer, Director or member of any committee of the Corporation.

No loans shall be made by the Corporation to its directors or officers.

ARTICLE XIII - INDEMNITY OF OFFICERS AND DIRECTORS

The indemnity provision authorized by Section B, Article 1396-2.22A of the Texas Non-Profit Corporation Act, including any successor statute, or as it may be amended, pertaining to a corporation indemnifying an officer and director or a former officer and former director of the corporation are hereby made mandatory.

ARTICLE XIV - AMENDMENTS

These By-Laws may be amended by majority vote of active members, at any annual meeting without prior notice thereof, or at any special meeting, provided notice of the proposed amendments shall have accompanied the notice of the special meeting.