

Bylaws of Wild Oats Cooperative, Inc.
(As amended October 2009)

Article 1 - Organization

1.1 Name: The name of this organization is Wild Oats Cooperative, Inc. (referred to in these bylaws as "the Co-op")

1.2 Purpose: The purpose of the Co-op is to acquire and distribute food and related goods and services on a cooperative basis for the benefit of its member-owners (hereafter referred to as members) and other patrons.

1.3 Principles: The business of the Co-op shall be operated in accordance with cooperative principles, including the following:

- 1) open and voluntary membership without any social, political, racial, religious, sexual or other arbitrary discrimination;
- 2) democratic governance with equal voting rights among members and opportunity for participation in important decisions affecting the Co-op;
- 3) equitable use of Co-op assets to avoid one member gaining at the expense of another;
- 4) autonomy and independence through a self-reliant member-controlled enterprise
- 5) active cooperation with other cooperative organizations;
- 6) education of members and the general public in the principles of cooperation;
- 7) concern for community, including the values of social responsibility and caring for others.

1.4 Business Office: The business office of the Co-op shall be located at the Co-op's store at 320 Main St., Williamstown, Massachusetts.

1.5 Fiscal Year: The fiscal year of the Co-op shall in each year end on June 30.

Article 2 - Membership

2.1 Eligibility: Membership in the Co-op shall be voluntary and open to all who are in accord with its purpose and principles, who intend to make use of its services, and accept the responsibilities of membership. Memberships will be of two types: a) Household Memberships and b) Institutional Memberships

2.2 Admission: Applicants shall be admitted to membership upon paying a minimum installment of the member equity requirement, as determined by the Board of Directors. In the event of questionable eligibility, admission shall be subject to approval by the Board of Directors at any time before or within six months after admission to membership. Memberships are not transferable.

2.3 Rights: Each active member as described in 2.4 shall have the right to receive a copy of these bylaws. Members shall have equal rights in regard to the governance of the Co-op through participation in membership meetings, eligibility to serve as a director, and otherwise as described in these bylaws. Household Memberships shall be entitled to patronage rebates written to the primary member, as stipulated by the Board on all purchases from the Co-op, and in addition, each Household Membership will be entitled to one vote in all matters submitted to a vote of members. Institutional Memberships will each be entitled to one vote in all matters submitted to a vote of members, and will be entitled to patronage rebates as set forth by the Board.

2.4 Responsibilities: Members shall abide by these bylaws, by decisions made at membership and Board meetings, and by the means established in these bylaws to amend such decisions. To maintain active membership, members shall be required to meet current equity requirements and make purchases in the store within a three- (3) year period or otherwise as determined by the Board of Directors. Members are expected to apprise the Co-op of any changes of name, address, or other contact information.

2.5 Access to Information: Reasonably adequate and timely information as to the organizational and financial affairs of the Co-op shall be provided or made available to all members. Members shall be provided access to the financial information of the Co-op for a proper purpose and at a reasonable time, subject to the approval of the Board.

2.6 Termination: Membership may be terminated in the following ways:

- a) voluntarily by a member upon notice to the Co-op;
- b) automatically, whenever a member becomes delinquent in fulfilling the minimal participation or member equity requirements. Such membership can be re-established by fulfilling the minimal participation and member equity requirements; or
- c) involuntarily for cause by the Board of Directors after a fair hearing at which the member is given the opportunity to speak and present evidence, provided that such person is accorded a right of appeal at the next membership meeting.

Upon suspension or termination of membership for any reason, member equity payments shall be redeemed in accordance with Article 8 below.

Article 3 - Membership Meetings

3.1 Annual Meeting: An annual membership meeting shall be held in the fall of each year at a time and place determined by the Board of Directors and announced no less than 30 days in advance of the meeting via a membership-wide mailing and prominent notices in the store. The announcement shall include the proposed agenda of the meeting and a complete description of any issues which will be voted upon by the membership. Decisions on issues not included in the notice of a meeting shall be of an advisory nature only. The purpose of the annual meeting shall be to hear reports on operations and finances, to review any important policy issues or other matters that vitally affect the Co-op, to elect Directors, and to conduct such other business as may properly come before the meeting.

3.2 Special Meetings: Special membership meetings may be called by the Board or by petition of at least 5% of membership, subject to the same notice requirements as the annual meeting.

3.3 Quorum: The presence in person at the opening of the meeting of at least three percent (3%) for Annual Meetings and five percent (5%) for Special Meetings of all members shall be necessary and sufficient to constitute a quorum for the transaction of business at any membership meeting.

3.4 Decisions: Members may vote as described in section 2.3, in person or by absentee ballot. In voting for directors, each member may cast as many votes as there are positions to be filled, but no more than one vote may be cast for any one candidate. Otherwise each member shall have one vote in all matters submitted to a vote of members. All issues shall be decided by a majority of members voting except where otherwise required by law or by these bylaws. Voting may be by show of hands, voice vote or written ballot, as determined by the Board. The election of Directors shall be by written ballot supplied by the Cooperative. The Board shall provide for absentee voting by written ballot, and shall establish fair means by which votes will be tallied. Voting by proxy will

be accepted only for changes in the structure of the Co-op for which Massachusetts law requires a two-thirds vote.

Article 4 - Board of Directors

4.1 Powers and Duties: Except as to matters reserved to membership by law or by these bylaws, the business and affairs of the Co-op shall be directed and controlled in the interests of members by a Board of Directors (sometimes referred to in these bylaws as "the Board"). The powers and duties of the Board shall include, but not be limited to: engaging and monitoring the performance of a general manager, overseeing the financial conditions setting membership policies, ensuring good conditions of employment and assuring that the purpose and principles of the Co-op are properly carried out.

4.2 Requirements and Qualifications: The Board shall consist of nine directors. To be qualified to serve as a director, a person shall be a member of the Co-op, be at least 18 years of age, and not be an employee of the Co-op.

4.3 Nomination: The Board may establish a nominating committee to solicit and review applications for nomination to the Board, and to present a slate of nominees to the Members for consideration. Members in good standing not selected by the nominating committee shall be placed on the ballot upon submitting a petition signed by at least ten (10) Members in good standing. Said petition must be received not less than forty-five (45) days prior to the Annual Meeting. The Cooperative shall equitably provide information on all candidates to the Members.

4.4 No more than one person from any immediate family or household may serve as a Director.

4.5 Election and Term: Directors shall be elected at the Annual Meeting of the Members of the Cooperative. The term for each Director shall be three (3) years. Terms shall be staggered so that one-third (1/3) of the directors are elected to full terms each year. Directors may not serve more than three (3) consecutive full three-year terms, except that the Directors in office at the time that these bylaws are adopted may serve up to a total of 11 years. A former Director who has served three consecutive terms is eligible to serve on the Board after having been off the Board for a period of one (1) year.

4.6 Compensation: The compensation, if any, of the Directors shall be determined by the Board, and shall be published in the annual report to Members. The level of compensation shall be reasonable, and shall be set at a level that will not jeopardize the interests of the Co-op. The Co-op shall reimburse Directors for reasonable expenses incurred in carrying out their duties and responsibilities.

4.7 Conflicts of Interest: Directors shall be under an affirmative obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board of Directors. Directors having such an interest shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. A director may, during his or her term of office, be a party to a contract for profit with the Co-op, provided such contract does not give the director any special benefit solely because of his or her status as director.

4.8 Termination: The term of office of a director may be terminated prior to its expiration in any of the following ways:

a) voluntarily by a director upon notice to the Co-op;

- b) involuntarily, with or without cause, by action of a membership meeting; and
- c) involuntarily for cause, which shall include but not be limited to termination of membership, absence from three regularly scheduled consecutive Board meetings or four (4) meetings in a year, or by a two-thirds vote of the Board after a fair hearing at which the director is given the opportunity to speak and present evidence, provided that such person is accorded a right of appeal at a membership meeting.

4.9 Vacancies: If a vacancy occurs on the Board between annual membership meetings, the remaining Board members may appoint a replacement to fill the term of the departing director.

Article 5 - Meetings of the Board

5.1 Convening: The Board of Directors shall meet on a regular basis. Meetings of the Board may be called by the Board, in which case no notice to Directors will be required, or by the President or any two Directors, in which case notice of the time and place of such meeting will be required no less than five days prior if notice is written, or two days prior if oral. Notice of all Board meetings shall also be posted conspicuously at the Co-op store as soon as practicable after a meeting is set.

5.2 Open Meetings: Meetings of the Board shall be open to members unless closed by the Board as to a particular issue of a sensitive nature. Such closed session shall be for purposes of discussion only and no votes shall be taken at such sessions.

5.3 Quorum and Decision Making: The presence in person at the opening of the meeting of a majority of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board. Decisions of the Board shall be made by majority vote of Directors present.

Article 6 - Committees

6.1 Committees: The Board may designate committees to perform designated functions. Committees exercising the powers of directors shall be composed of directors.

Article 7 - Officers

7.1 Designation: The officers of the Co-op shall consist of President, Vice President, Treasurer, Clerk, and such other officers or assistant officers as is determined by the Board. The offices of Treasurer and Clerk may be held by the same person. All officers shall be directors.

7.2 Election and Term: Officers shall be elected annually by the Board at its first meeting following the annual membership meeting. Officers shall serve for terms of one year or until election of their successors, and may serve no more than five consecutive terms. Officers may be removed at any time, with or without cause, by the Board.

7.3 Duties: Officers shall have the following duties and such additional duties as are determined by the Board:

- a) the President shall preside at all Board and membership meetings and, as authorized by the Board, sign formal documents on behalf of the Co-op;
- b) the Vice President shall perform the duties of President in his or her absence and shall, as requested, assist the President in the performance of his or her duties;
- c) the Treasurer shall monitor the financial affairs of the Co-op and the filing of all required reports and returns and shall, as authorized by the Board, sign formal documents on behalf of the Co-op; and

d) the Clerk shall oversee the issuance of required notices and the keeping of minutes of all Board and membership meetings and shall, as authorized by the Board, sign or attest to formal documents on behalf of the Co-op.

Article 8 - Members' Equity

8.1 Member Equity Requirements: Member equity requirements shall be determined by the Board of Directors in accordance with the current or prospective capital needs of the Co-op and shall be paid within the time specified by the Board. Different requirements may be set for household and institutional members, but such requirements shall be uniform among members of the same type.

8.2 Accounting: Member equity payments shall be credited on the books of the Co-op to capital accounts in the names of contributing members. To the extent practicable, the Co-op shall segregate the proceeds for use only in acquiring capital assets or discharging related liabilities.

8.3 Redemption: Member equity payments shall be redeemed within sixty days of approval by the Board of Directors following termination of membership and request for redemption. Withholding of approval shall only be for good cause, including that such payments would violate loan agreements or other contractual obligations of the Co-op or would jeopardize the solvency of the Co-op. In no event shall redemption proceeds exceed the total of the member's equity payment(s). Redemption proceeds shall at all times be subject to being offset by amounts otherwise due and payable to the Co-op. Departing members wishing to donate their equity deposits to the Co-op may make this wish known in writing, and the funds will be recorded as taxable income.

8.4 Involuntary Redemption: Members who do not maintain active membership as provided in section 2.4 and whose membership is terminated by board action shall be eligible for equity redemption in accordance with articles 8.3 and 8.6.

8.5 Annual Installments: Members who choose to pay their Member equity requirement in annual installments must make required installment payments on time to remain in good standing. In the event that a Member fails to make a required installment payment, the Member will be placed in inactive status until the Member's account is returned to good standing. Members who remain inactive for three years, or who fail to notify the Cooperative of their intention to terminate their Membership, may have their equity deposit refunded.

8.6 No Known Address: In case the Board deems it necessary to refund member equity, notification of such a refund and the sum of the refund amount shall be sent to the Member by U.S. regular mail delivery to the last known address for the Member in the Cooperative's records. If any such notification is returned to the Cooperative as undeliverable or there is no response from the member within 6 months of mailing, then the redemption amount allocated to the Member in question shall be forfeited by the Member and allocated as income taxable to the cooperative.

Article 9 - Notice

9.1 Notice: Any notice required under these bylaws shall be deemed delivered when deposited in the United States mail with names and addresses as they appear in the records of the Co-op.

9.2 Waiver of Notice: Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. The attendance of any person at a meeting shall constitute a waiver of notice of the meeting except where the person attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully convened.

Article 10 - Indemnification

10.1 Liability: - No member or member organization of Wild Oats Co-op shall be liable for any indebtedness or obligation of Wild Oats Co-op in an amount exceeding such member's unpaid current dues, personal accounts payable, and any duly authorized levy or special assessment.

10.2 Indemnification - subject to the limitations in this Article, Wild Oats Co-op shall indemnify its current and former directors and officers against all losses and expenses, including reasonable attorneys fees, to which they may become subject by reason of their positions with Wild Oats Co-op or their service in its behalf. Such indemnification shall apply whenever such person is a party or is threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative. Such indemnification shall include direct payment or settlement of liabilities and potential liabilities. Payment of expenses incurred in defending a suit or proceeding in advance of its final disposition may be made only upon receipt by Wild Oats Co-op of a contractual undertaking by or on behalf of such person to repay such amounts unless the person shall be determined to be entitled to indemnification under this article.

10.3 Limitations - Indemnification shall only be provided if the person is determined to have acted in good faith and in the reasonable belief that his or her action was in the best interests of Wild Oats Co-op, or, in regard to criminal actions, that such person had no reasonable cause to believe that his or her action was unlawful. If such determination is not made in a legal proceeding related to the claim, it may be made by a quorum of disinterested directors or by independent legal counsel selected by such quorum. If not made or able to be made by either, the determination shall be made by independent legal counsel selected at a membership meeting. In any action by or in the right of Wild Oats Co-op or in which such person is charged with receiving an improper personal benefit, indemnification shall be provided only as to reasonable expenses and only if the person is not adjudged liable to Wild Oats Co-op on such basis.

10.4 Payments - Indemnification payments and advances of expenses shall be made only in such increments and at such times as will not jeopardize the ability of Wild Oats Co-op to pay its other obligations as they become due. All such payments made shall be reported in writing to members with or before the notice of the next membership meeting.

Article 11 - Bylaws

11.1 Severability: In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

11.2 Amendment: These bylaws may be amended or repealed in whole or in part by vote of two-thirds of the active members of the Co-op present at a membership meeting, provided that notice stating the substance of the proposed amendment was included in the notice of the meeting. The directors may

amend or repeal these bylaws in whole or in part, except with respect to any provision thereof which by law, the Articles of Organization or these bylaws requires action by the members. Within sixty days of any such repeal or amendment of the bylaws by the directors, notice stating the substance of the change shall be given to the members. In addition, notice of any repeal or amendment of the bylaws by the directors must be included in the notice of the next membership meeting. Any action by the directors to repeal or amend a by-law must be ratified by a two-thirds vote of the active members present at the next membership meeting or such action will be deemed to be nullified.

Article 12- Patronage Dividends

12.1 Distributable Net Earnings: At the end of the fiscal year, the Board of Directors shall determine how much of net earnings will be distributed as patronage dividends. Distributable net earnings may not exceed the net income attributable to sales of merchandise to members. Income from activities other than sales of consumer goods shall also be excluded.

12.2 Allocation to Members: Distributable net earnings, as so determined, shall be allocated among active members in proportion to their patronage and distributed as patronage dividends. Patronage shall be measured by the dollar amount of purchases from the Cooperative. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board of Directors, be excluded from distribution, provided that they are not then or later distributed to other members. Members shall retain the right to waive in whole or in part, any patronage dividends to which they may be entitled. Any patronage dividend refused by a member shall be reallocated as income taxable to the Cooperative.

12.3 Notice and Distribution: Patronage dividends shall be evidenced by written notice of allocation delivered to recipient members within eight months and fifteen days following the close of the fiscal year. Each notice shall state the dollar amount of the patronage dividend. All notices, except those subject to Section 12.6 of this article, shall be accompanied by checks in amounts determined by the Board of Directors, which must be at least twenty percent (20%) of the amount allocated to each member.

12.4 Consent of Members: By obtaining or retaining membership in the Cooperative, each member shall thereby consent to take into account, in the manner and to the extent required by sections 1381 through 1388 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received. (See summary explanation below)

12.5 Deferred Amounts: Patronage dividends not currently distributed under Section 12.3 of this article shall be credited to revolving capital accounts in the names of recipient members. Such deferred patronage dividends shall accrue no monetary return on investment and shall not be transferable. They shall be redeemed at no more than their carrying value on the books of the Cooperative when determined by the Board of Directors to be no longer needed for capital purposes of the Cooperative. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts. Members shall retain the right to waive in whole or in part, any patronage dividends to which they may be entitled. Any patronage dividend refused by a member shall be reallocated as income taxable to the Cooperative.

12.6 Allocation of Net Loss: In the event the Cooperative shall incur a net loss in any fiscal year, such loss may be charged against retained earnings or other unallocated members' equity accounts. If the net loss exceeds such amounts, or in any event if the Board of Directors so determines, the amount of such loss may either be carried forward to offset adjusted net earnings of subsequent fiscal years or allocated to

members in the same manner as for adjusted net earnings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged first against retained patronage dividends of prior fiscal years and then against patronage dividend allocations of subsequent fiscal years. Allocated net losses shall not otherwise be assessed to or collected from members.

12.7 No Known Address: Patronage dividends and/or notice of patronage dividends shall be sent to Members by U.S. regular mail delivery to the Member's address in the Cooperative's records. If any such notice or dividend is returned to the Cooperative as undeliverable, then the patronage dividend allocated to the Member in question shall be forfeited by the Member and retained by the Cooperative as taxable income.

12.8 Sales of Alcoholic Beverages: Any profits that accrue from the sale of alcoholic beverages must be accounted for separately from profits that accrue from other sales and those profits cannot be used to distribute to members or to reduce costs to members. All alcohol sales shall be available to the public without discrimination. Special discounts to members will not apply to the sale of beer and wine; however, any discounts that are available to the general public can apply to cooperative members.

Explanation of Patronage Refund Consent Provision

Patronage rebates are taxable only to organizational or business members, or to individual members if that individual member's purchases are for business or other income-producing purposes. Individuals whose Co-op purchases are for "personal, living, or family items" do not pay tax on their patronage rebates. Disclaimer: The Co-op can not give definitive advice on the tax consequences of patronage rebates to any member; members are encouraged to seek their own tax advice.