
BYLAWS

ARTICLE I
SHAREHOLDERS' MEETING

Section 1. Place of Meetings.

All meetings of the shareholders shall be held at the office of the corporation,

or at such place as may be designated for that purpose from time to time by the Board of Directors.

Section 2. Annual Meetings.

The annual meeting of the shareholders shall be held as follows:

Time of meeting: _____ am/pm

Date of meeting: During the _____ quarter of each calendar year at a date determined by the Board of Directors

At the annual meeting, the shareholders shall elect a Board of Directors, consider reports of the affairs of the corporation and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings.

- (a) Subject to the provisions of subsection (b) below, special meetings of the shareholders for any purpose or purposes may be called at any time by the President, Secretary, any Director, or by one or more shareholders holding not less than fifty percent (50%) of the voting power of the corporation, upon

request in writing by registered mail to the President, or Secretary, directed to such officers at the principal office of the corporation, in the Federated States of Micronesia, or delivered to such officer in person by any person entitled to call a meeting of shareholders. It shall be the duty of such officer forthwith to cause notice to be given to the shareholders entitled to vote, of a meeting to be held at such time as such officer may fix not less than five (5) nor more than twenty (20) days after the giving of such notice. If such notice shall not be given within seven (7) days after the date of mailing or date of delivery of such request, the person or persons calling the meeting may fix the time of meeting and give notice thereof in the manner provided by the Bylaws.

(b) Whenever the annual meeting of the stockholder or members of a corporation is not held as provided in the articles of incorporation or bylaws or as provided in subpart 4.2 of the FSM Corporation's Regulations, or whenever the annual meeting is held but directors are not elected thereat, the directors who might have been elected at the annual meeting may be elected at a special meeting called and held for that purpose upon demand for a special meeting called made in writing by any stockholder or stockholders or member or members of the corporation and delivered to the president, vice-president, secretary, or treasurer of the corporation. Within fifteen days after the demand, a special meeting of the stockholders or members shall be called for the election of the directors who might have been elected at the annual meeting. In case the duly authorized officer or officers of the corporation fail to call the special meeting then the special meeting may be called by the stockholder or stockholders or member or members who made the demand, by giving notice in the

method provided by the articles of incorporation or bylaws of the corporation. If the articles of incorporation or bylaws provide that the number of directors shall be determined at the annual meeting, then the number thereof may be determined at the special meeting held as provided in this part.

Section 4. Notice of Meetings.

Notice of meetings, annual or special, shall be given in writing, to shareholders entitled to vote by the Secretary, or if there be no such officer, or in the case of his neglect or refusal, by any director or shareholder. Such notice shall be given not less than five (5) nor more than twenty (20) days before the meeting to shareholders entitled to vote.

The notice shall be sent to the shareholder's address appearing on the books of the corporation, or supplied by him to the corporation for the purpose of notice. Notice of any meeting of shareholders shall specify the place, the day and the hour of meeting, and in case of a special meeting, the general nature of the business to be transacted.

If a shareholder supplies no address, notice shall be deemed to have been given to him if mailed to the place where the principal office of the company in the Federated States of Micronesia is situated, or published at least once in some newspaper of general circulation in the Federated States of Micronesia. Such notice shall specify the place, the day and hour of the meeting, and in the case of special meetings, the general nature of the business to be transacted.

Section 5. Consent to Shareholders' Meetings.

The transactions of any meeting of shareholders, however called and noticed, and wherever held, shall be valid as though these transactions had been completed at a

meeting duly held after regular call and notice if the meeting sign by themselves or their proxies or other authorized representatives a written consent or approval on the record of the meeting.

Section 6. Shareholders Acting Without a Meeting

Any action which may be taken at a meeting of the shareholders, may be taken without a meeting if authorized by a writing signed by all of the shareholders entitled to vote at a meeting for such purpose, and filed with the Secretary of the corporation.

Section 7. Quorum.

The holders of at least fifty percent (50%) of the voting power of the corporation, present in person, or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by the Bylaws. If, however, the holders of at least fifty percent (50%) of the voting power of the corporation shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until the requisite amount of voting shares shall be present. At such adjourned meeting at which the requisite amount of voting shares shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Voting Rights; Cumulative Voting

Voting rights are vested in those persons in whose name voting shares stand on the stock records of the corporation on the day of any meeting of shareholders, unless

some other day be fixed by the Board of Directors for the determination of shareholders of record, and then on such other day.

Every shareholder entitled to vote at any election of directors of this corporation may accumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his shares are entitled, or distribute his votes on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes up to the number of directors to be elected are elected.

The Board of Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of shareholders or date fixed for the payment of any dividend or distribution, or of the allotment of the rights, or when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting or entitled to receive any such dividend or distribution or any allotment of rights, or to exercise rights in respect to any such change, conversion or exchange of shares. In such case only shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or to receive such dividends, distribution or allotment or rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any share on the books of the company after any record date fixed as aforesaid. The Board of Directors may close the books of the company against transfers of shares during the whole or any part of such period.

Section 9. Proxies.

Every shareholder entitled to vote, or to execute consents, may do so, either in person or by written proxy, filed with the Secretary of the corporation.

Section 10. Organization.

The President, or in the absence of the President, the Vice President shall call the meeting of the shareholders to order, and shall act as chairperson of the meeting. In the absence of the President and Vice President, shareholders shall appoint a chairman for such a meeting. The Secretary shall act as secretary of all meetings of the shareholders, but in the absence of the Secretary at any meeting of the shareholders, the presiding officer may appoint any person to act as secretary of the meeting.

Section 11. Inspectors of Election.

In advance of any meeting of shareholders, the Board of Directors may, if they so elect, appoint inspectors of election to act at such meeting or any adjournments thereof. If inspectors of election be not so appointed, the chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointment at the meeting. The number of inspectors shall be either one or three.

ARTICLE II
DIRECTORS: MANAGEMENT

Section 1. Powers.

Subject to the limitation of the Articles of Incorporation, of the Bylaws, and of the laws of the Federated States of Micronesia as to action to be authorized or approved by the shareholders, all corporate powers shall be exercised by or under authority of, and the business and affairs of this corporation shall be controlled by a Board of Directors.

Section 2. Number and Qualification.

The authorized number of directors of the corporation shall be as set forth in the Articles of Incorporation. This number may be changed by amendment to the Articles of Incorporation.

Section 3. Election and Tenure of Office.

The directors shall be elected by ballot at the annual meeting of the shareholders, to serve for one year or until their successors are elected and have qualified. Their term of office shall begin immediately after election.

Section 4. Vacancies.

Vacancies on the Board of Directors may be filled by majority vote of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual meeting of shareholders or at a special meeting called for that purpose. The shareholders may at any time elect a director to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the shareholders shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect the additional director so provided for, or in case the shareholders fail at any time to elect the full number of authorized directors.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board, or the shareholders, shall have power to elect a successor to take office when the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. Removal of Directors.

The entire Board of Directors or any individual director may be removed from office by the affirmative vote of shareholders holding at least fifty percent (50%) of the voting power of the corporation.

However, unless the entire Board is removed, an individual director shall not be removed if the number of shares voted against the resolution for his removal exceeds the quotient arrived at when the total number of outstanding shares entitled to vote is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting.

Section 6. Place of Meeting.

Meetings of the Board of Directors shall be held at an office of the corporation in the Federated States of Micronesia, as designated for that purpose, from time to time, by resolution of the Board of Directors or consent of all of the members of the Board. Any meeting shall be valid, whenever and wherever held, if held by the consent of a majority of the members of the Board of Directors, given either before or after the meeting.

Section 7. Organization Meetings.

The organization meetings of the Board of Directors shall be held immediately following the adjournment of the annual meetings of the shareholders.

Section 8. Waiver of Notice.

When a majority of the directors are present at any Board meetings, however called or noticed, the transactions thereof are as valid as if had at a meeting regularly called and noticed.

Section 9. Directors Acting without a Meeting by Unanimous Written consent.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of directors, if authorized by a writing signed by all members of the Board. Such consent shall be filed with the regular minutes of the Board.

Section 10. Notice of Adjournment.

Notice of time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 11. Quorum.

A majority of the total number of directors shall be necessary to constitute a quorum for the transaction of business, and decisions of the Board shall require a majority of a quorum; provided that a minority of the directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

Section 12. Subscriptions for Shares.

A subscription for shares of a corporation to be organized shall be irrevocable for a period of six months unless otherwise provided by the terms of the subscription agreement or unless all other sub-scribers consent to the revocation of such subscription.

Unless otherwise provided in the subscription agreement, subscriptions for shares whether made before or after the organization of a corporation, shall be paid in full at such time, or in such installments and at such times, as shall be determined by the Board of Directors. Any call made by the Board of Directors for payment of subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series, as the case may be. In case of default in the payment of any installments or call when such payment is due, the corporation may proceed to collect the amount due in the same manner as any debt due the corporation. The Board may prescribe other penalties for failure to pay installments on calls that may become due, but no penalty mandating a forfeiture of a subscription, or of the amounts paid thereon, shall be declared as against any subscriber unless the amount due thereon shall remain unpaid for a period of twenty days after written demand has been made therefore. If mailed, such written demand shall be deemed to be made when deposited in the mail in a sealed envelope addressed to the subscriber at his last post-office address known to the corporation, with postage thereon prepaid. In the event of the sale of any shares by reason of any forfeiture, the excess of proceeds realized over the amount due and unpaid on such shares shall be paid to the delinquent subscriber or to his legal

representative. A certificate of stock shall not be issued until the shares represented thereby shall be fully paid.

Section 13. Liability of Subscribers and Shareholders.

A holder of, or subscriber to, shares of the corporation shall be under no obligation to the corporation or its creditors with respect to such shares other than the obligation to pay to the corporation full consideration for which such shares were issued or to be issued.

Any person becoming an assignee or transferee of shares or of a subscription for shares in good faith and without knowledge or notice that the full consideration therefore has not been paid shall not be personally liable to the corporation or its creditors for any unpaid portion of such consideration.

An executor, administrator, conservator, guardian, trustee, assignee for the benefit of creditors, or receiver shall not be personally liable to the corporation as a holder of, or subscriber to, shares of a corporation but the estate and funds in his hands shall be so liable.

No bona fide pledgee or other holder of issued shares as collateral security shall be personally liable as a shareholder.

The Board of Directors may release the subscriber of shares from the obligation to purchase the shares if such release will not impair the solvency of the corporation.

ARTICLE III OFFICERS

Section 1. Officers

The officers of the corporation shall be as provided in the Articles of Incorporation. The corporation may also have, at the discretion of the Board of Directors, a Chairman and such officers as may be appointed in accordance with the provisions of Section 3 of this Article.

Section 2. Election

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. Subordinate Officers, etc.

The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time demand.

Section 4. Removal and Resignation

Any officer may be removed, either with or without cause, by decision of the Board of Directors at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the Board of Directors, the President, the Secretary or Treasurer of the corporation. Any such resignation shall

take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 6. Chairman of the Board

The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors.

Section 7. President

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. The President shall have authority to handle the financial affairs of the corporation, to establish bank accounts and deposit and withdraw funds there from and to invest the funds of the corporation. He shall be an ex officio voting member of all the standing committees, including the executive committee, if any, and shall have the

general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8. Vice President

The Vice President shall act on behalf of the President in the absence of the President.

Section 9. Secretary

(a) The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and shareholders, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of shares present or represented at shareholders' meetings and the proceedings thereof.

(b) The Secretary shall keep, or cause to be kept, at the principal office or at the office of the corporation's transfer agent, a share register, or duplicate share register, showing the names of the shareholders and their addresses; and the number and classes of shares held by each, the number and date of certificates issued for the same; and the number and date of cancellation of every certificate surrendered for cancellation.

(c) The Secretary shall give, or cause to be given, notice of all the meetings of the shareholders and of the Board of Directors required by the Bylaws or by law to be given and he shall keep the seal of the corporation, if any, in safe custody,

and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 10. Treasurer

(a) The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. Any surplus, including earned surplus, paid-in-surplus and surplus arising from reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by the President and any Director.

(b) The Treasurer shall have such other powers and perform such duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE IV CORPORATE RECORDS AND REPORTS - INSPECTION

Section 1. Records

The corporation shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the Federated States of Micronesia, fixed by the Board of Directors.

Section 2. Inspection of Books and Records

All books and records of the corporation shall be open to inspection of the Directors and the shareholders upon reasonable notice given to the Secretary of the corporation.

Section 3. Certification and Inspection of Bylaws

The original or a copy of the Bylaws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the shareholders of the corporation.

Section 4. Checks, Drafts, etc.

All checks, drafts, or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of, or payable to, the corporation, shall be signed or endorsed by the President or by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 5. Contracts, etc. - How Executed

The Board of Directors, except as the Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, only the President shall have the power or authority to bind the corporation by any contract or engagement, or to pledge its credit, or to render it liable for any purposes or to any amount.

Section 6. Annual Report

The Board of Directors shall cause an annual report or statement to be sent to the shareholders of this corporation who are not members of the Board of Directors not later than 120 days after the close of the fiscal or calendar year.

ARTICLE V
CERTIFICATES AND TRANSFER OF SHARES

Section 1. Certificates for Shares

Certificates for shares shall be of such form and device as the Board of Directors may designate and shall state the name of the record holder of the shares represented thereby; its number; date of issuance; the number of shares for which it is issued; the class of shares represented if there are more than one class of shares; the par value if any, or statement that such shares are without par value; a statement of the rights, privileges, preferences and restrictions if any; a statement as to the redemption or conversion, if any; a statement of liens or restrictions upon transfer or voting, if any. Every certificate for shares must be signed by the President and the Secretary.

Section 2. Transfer on the Books

Upon surrender to the Secretary or transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. Lost or Destroyed Certificates

Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and advertise the same if, and in such manner, as the Board of Directors may require, and shall, if the Board so requires, give the corporation a bond of indemnity, in form and with one or more sureties satisfactory to the Board, whereupon a

new certificate may be issued in the same tenor and for the same number of shares as the one lost or destroyed.

ARTICLE VI **AMENDMENTS TO BYLAWS**

Section 1. By Shareholders

Subject to more restrictive laws in force in the Federated States of Micronesia including but not limited to Part 4.9 of the FSM Corporations Regulations, new Bylaws may be adopted or the Bylaws may be repealed or amended at their annual meeting, or at any other meeting of the shareholders called for that purpose, by a vote of share-holders entitled to exercise a majority of the voting power of the corporation, or by written assent of such shareholders.

Section 2. Record of Amendments

Whenever an amendment of new Bylaws is adopted, it shall be copied in the book of Bylaws with the original Bylaws, in the appropriate place. If any Bylaw is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book. All changes in the Bylaws shall be certified by the Board of Directors and transmitted to the Registrar of Corporations.

CERTIFICATE OF ADOPTION OF BYLAWS

Adoption by Directors. The undersigned, being all of the persons appointed in the Articles of Incorporation to act as Directors of the above-named corporation hereby assent to the foregoing Bylaws, and adopt the same as the Bylaws of said corporation.

IN WITNESS WHEREOF, we have hereunto set our hands this _____ day of _____, 20__.

signature of Director _____

print name in English _____

signature of Director _____

print name in English _____

signature of Director _____

print name in English _____

signature of Director _____

print name in English _____

CERTIFICATION

I hereby certify that the above is a true and correct copy of the Bylaws of

_____ duly approved by consent
of all shareholders.

Date: _____

By: _____

Its: _____