

- A. Any person or Member made or threatened to be made a party to any action, suit or proceeding, because such person or any officer, employee or representative of such Member served on the Governing Committee or on any committee of CAR or was an officer or employee of CAR, shall be indemnified by CAR against all judgments, fines, amounts paid in settlement, reasonable costs and expenses including attorneys' fees, and any other liabilities that may be incurred as a result of such action, suit or proceeding, or threatened action, suit or proceeding. However, if the person or Member is adjudged in such action, suit or proceeding to be liable by reason of breach of duty involving gross negligence, bad faith, dishonesty, willful misfeasance or reckless disregard of the responsibilities in the performance of his or its duties or obligations to CAR, such person or Member shall not be indemnified by CAR. With respect to any criminal actions or proceedings arising from service on the Governing Committee or on any committee of CAR or as an officer or employee of CAR, CAR shall not provide indemnification when such person or Member had reasonable cause to believe that his or its conduct was unlawful.

Indemnification under this Section shall be provided whether or not such person or Member is a Member or is holding office or is employed at the time of such action, suit or proceeding and whether or not any such liability is incurred prior to the adoption of this Rule. Such indemnification shall not be exclusive of other rights such person or Member may have and shall extend to the successors, heirs, executors or administrators of such person or Member. In the event of settlement or other termination of a matter before final adjudication, indemnification shall be provided only if the Governing Committee determines with the advice of independent counsel that the person or Member to be indemnified did not in counsel's opinion commit such a breach of duty.

- B. In each instance in which a question of indemnification arises, entitlement thereto, pursuant to the conditions set forth in Section A. of this Rule, shall be determined by the Governing Committee. The Governing Committee shall also determine the time and manner of payment of such indemnification; provided, that a person or Member who or which has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action, suit or proceeding of this character described in Section A. shall be entitled to indemnification as authorized in Section A. Nothing herein shall be deemed to bind a person or Member who or which the Governing Committee has determined not to be entitled to indemnification, or to preclude such person or Member from asserting the right to such indemnification by

legal proceedings. Such indemnification as is herein provided shall be considered an operating expense apportioned among all Members, including any named in any such action, suit or proceeding, according to each Member's participation ratio as determined in Rule 11.