

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

2000

Department of the Treasury
Internal Revenue Service

Note The organization may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2000, or tax year beginning 07/01, 2000, and ending 06/30/2001

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label Otherwise, print or type See Specific Instructions	Name of organization KIPP FOUNDATION		A Employer identification number 94-3362724
	Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions)
	345 SPEAR STREET	510	(415) 399-1556
City or town, state, and ZIP code SAN FRANCISCO, CA 94105-1657			

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II col (c), line 16) **5,350,680.**

J Accounting method: Cash Accrual Other (specify) _____
 (Part I, column (d) must be on cash basis)

E If private foundation status was terminated under section 507(b)(1)(A) check here

F If the foundation is in a 60-month termination under section 507(b)(1)(B) check here

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 10 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions gifts grants etc received (attach schedule)	5,250,017.	STMT 1.		
2	Distributions from split-interest trusts				
3	Interest on savings and temporary cash investments	106,939.	106,939.	106,939.	
4	Dividends and interest from securities				
5a	Gross rents				
b	(Net rental income or (loss))				
6a	Net gain or (loss) from sale of assets not on line 10	686,829.			
b	Gross sales price for all assets on line 6a	5,691,925.			
7	Capital gain net income (from Part IV, line 2)		5,691,870.		
8	Net short-term capital gain			NONE	
9	Income modifications				
10a	Gross sales less returns and allowances				
b	Less Cost of goods sold				
c	Gross profit or (loss) (attach schedule)				
11	Other income (attach schedule)				
12	Total. Add lines 1 through 11	6,043,785.	5,798,809.	106,939.	
13	Compensation of officers directors, trustees etc	8,276.			8,276.
14	Other employee salaries and wages	17,399.			17,399.
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)	93,243.			93,243.
b	Accounting fees (attach schedule)				
17	Other professional fees (attach schedule)	522,094.			522,094.
18	Taxes (attach schedule) (see page 14 of the instructions)				
19	Depreciation (attach schedule) and depletion	9,041.			
20	Occupancy	38,673.			38,673.
21	Travel, conferences, and meetings	384,867.			384,867.
22	Printing and publications	39,451.			39,451.
23	Other expenses (attach schedule)	108,424.	1,911.		106,513.
24	Total operating and administrative expenses Add lines 13 through 23	1,221,468.	1,911.		1,210,516.
25	Contributions, gifts, grants paid				
26	Total expenses and disbursements. Add lines 24 and 25	1,221,468.	1,911.		1,210,516.
27	Subtract line 26 from line 12				
a	Excess of revenue over expenses and disbursements	4,822,317.			
b	Net investment income (if negative, enter -0-)		5,796,898.		
c	Adjusted net income (if negative, enter -0-)			106,939.	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year		
				(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1	Cash - non-interest-bearing			46,174.	46,174.	
	2	Savings and temporary cash investments		512,001.	5,198,864.	5,198,864.	
	3	Accounts receivable	62,765.				
		Less allowance for doubtful accounts			62,765.	62,765.	
	4	Pledges receivable					
		Less allowance for doubtful accounts					
	5	Grants receivable					
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)					
	7	Other notes and loans receivable (attach schedule)					
		Less allowance for doubtful accounts					
	8	Inventories for sale or use					
	9	Prepaid expenses and deferred charges					
	10 a	Investments - U.S. and state government obligations (attach schedule)					
	b	Investments - corporate stock (attach schedule)					
	c	Investments - corporate bonds (attach schedule)					
	11	Investments - land, buildings, and equipment basis					
	Less accumulated depreciation (attach schedule)						
12	Investments - mortgage loans						
13	Investments - other (attach schedule)						
14	Land, buildings, and equipment basis	46,595.					
	Less accumulated depreciation (attach schedule)	9,041.		16,119.	37,554.	37,554.	
15	Other assets (describe)	STMT 5)		NONE	5,323.	5,323.	
16	Total assets (to be completed by all filers - see page 16 of the instructions. Also, see page 1, item I)			528,120.	5,350,680.	5,350,680.	
Liabilities	17	Accounts payable and accrued expenses		NONE	243.		
	18	Grants payable					
	19	Deferred revenue					
	20	Loans from officers, directors, trustees, and other disqualified persons					
	21	Mortgages and other notes payable (attach schedule)					
	22	Other liabilities (describe)					
23	Total liabilities (add lines 17 through 22)			NONE	243.		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31						
	24	Unrestricted					
	25	Temporarily restricted					
	26	Permanently restricted					
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31 <input checked="" type="checkbox"/>						
	27	Capital stock, trust principal, or current funds			528,120.	5,350,437.	
	28	Paid-in or capital surplus or land, bldg. and equipment fund					
	29	Retained earnings, accumulated income, endowment, or other funds					
30	Total net assets or fund balances (see page 17 of the instructions)			528,120.	5,350,437.		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)			528,120.	5,350,680.		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	528,120.
2	Enter amount from Part I, line 27a	2	4,826,803.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	5,354,923.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	5,354,923.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)				(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo., day, yr)	(d) Date sold (mo., day, yr)
1a SEE PART IV SCHEDULE						
b						
c						
d						
e						
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)			
a						
b						
c						
d						
e						
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))			
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any				
a						
b						
c						
d						
e						
2 Capital gain net income or (net capital loss)				2	5,691,870.	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)					3	NONE
If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7						
If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8						

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If "Yes," the organization does not qualify under section 4940(e) Do not complete this part.

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
1999	143,670.	128,542.	1.11768915996
1998			
1997			
1996			
1995			

2 Total of line 1, column (d)	2	1.11768915996
3 Average distribution ratio for the 5-year base period-divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	1.11768915996
4 Enter the net value of noncharitable-use assets for 2000 from Part X, line 5	4	5,401,386.
5 Multiply line 4 by line 3	5	6,037,071.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	57,969.
7 Add lines 5 and 6	7	6,095,040.
8 Enter qualifying distributions from Part XII, line 4	8	1,257,111.

If line 8 is equal to or greater than line 7 check the box in Part VI line 1b, and complete that part using a 1% tax rate See the Part VI instructions on page 18

Part VI Exclse Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 18 of the instructions)

Table with 11 rows and 2 columns. Row 1: Exempt operating foundations... 115,938. Row 2: Domestic organizations... 115,938. Row 3: All other domestic organizations... 115,938. Row 4: Tax under section 511... NONE. Row 5: Add lines 1 and 2... 115,938. Row 6: Subtitle A (income) tax... NONE. Row 7: Tax based on investment income... 115,938. Row 8: Credits/Payments... 120,000. Row 9: Total credits and payments... 120,000. Row 10: Enter any penalty or underpayment... 3,888. Row 11: Tax due... 174. Row 12: Overpayment... 174. Row 13: Enter the amount of line 10 to be credited... 174.

Part VII-A Statements Regarding Activities

Table with 13 rows and 3 columns (Yes/No). Row 1: During the tax year, did the organization attempt to influence any national, state, or local legislation... X. Row 2: Did it spend more than \$100 during the year... X. Row 3: Did the organization file Form 1120-POL for this year... X. Row 4: Enter the amount of tax on political expenditures... NONE. Row 5: Enter the reimbursement... NONE. Row 6: Has the organization engaged in any activities that have not previously been reported to the IRS... X. Row 7: Has the organization made any changes, not previously reported to the IRS... X. Row 8: Did the organization have unrelated business gross income of \$1,000 or more during the year... X. Row 9: If "Yes," has it filed a tax return on Form 990-T for this year... N/A. Row 10: Was there a liquidation, termination, dissolution, or substantial contraction during the year... X. Row 11: Are the requirements of section 508(e) satisfied... X. Row 12: Did the organization have at least \$5,000 in assets at any time during the year... X. Row 13: Enter the states to which the foundation reports or with which it is registered... CALIFORNIA. Row 14: If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General... X. Row 15: Is the organization claiming status as a private operating foundation... X. Row 16: Did any persons become substantial contributors during the tax year... X. Row 17: Did the organization comply with the public inspection requirements... X. Row 18: The books are in care of... KIPP FOUNDATION. Row 19: Located at... 345 SPEAR ST, STE 510, SAN FRANCISCO, CA. Row 20: Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here.

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies

		Yes	No
1 a	During the year did the organization (either directly or indirectly)		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(6) Agree to pay money or property to a government official? (Exception Check "No if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here		<input checked="" type="checkbox"/> X
c	Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2000?		<input checked="" type="checkbox"/> X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2000, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2000? N/A <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," list the years ▶ 19 _____, 19 _____, 19 _____, 19 _____		
b	Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see page 20 of the instructions)		<input type="checkbox"/> N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 19 _____, 19 _____, 19 _____, 19 _____		
3 a	Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2000 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720 to determine if the organization had excess business holdings in 2000)		<input type="checkbox"/> N/A
4 a	Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?		<input checked="" type="checkbox"/> X
b	Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2000?		<input checked="" type="checkbox"/> X
5 a	During the year did the organization pay or incur any amount to		
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here		<input checked="" type="checkbox"/> X
c	If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945-5(d)		
6 a	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If you answered "Yes" to 6b also file Form 8870		<input checked="" type="checkbox"/> X

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 19 of the instructions)

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account other allowances
SEE STATEMENT 7		8,276.	NONE	NONE

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account other allowances
NONE				

Total number of other employees paid over \$50,000 ► NONE

3 Five highest-paid independent contractors for professional services - (see page 21 of the instructions). If none, enter "NONE"

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
STEINHART & FALCONER LLP 333 MARKET ST., 32ND FL., SF, CA 94105	LEGAL	79,464.
DAVID LEVIN 164 EAST 33RD ST, #18, NEW YORK, NY	EDUCATIONAL CONSULTG	70,000
UC BERKELEY HAAS SCHOOL OF BUSINESS BERKELEY, CA	SCHOOL INSTRUCTION	105,000.
NEW ACADEMY VENTURES, LLC PO BOX 398, LITCHFIELD, CT 06759	EDUCATIONAL CONSULTG	84,000.
PAMELA MOELLER 2108 CALIFORNIA ST, SAN FRANCISCO, CA	SCHOOL INSTRUCTION	91,126.

Total number of others receiving over \$50,000 for professional services ► NONE

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 STATEMENT 8	
	1,215,916.
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NONE	
2	
All other program-related investments See page 22 of the instructions	
3 NONE	

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see page 22 of the instructions)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a Average monthly fair market value of securities	1a	287,672.
b Average of monthly cash balances	1b	5,127,881.
c Fair market value of all other assets (see page 23 of the instructions)	1c	68,088.
d Total (add lines 1a, b, and c)	1d	5,483,641.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	NONE
3 Subtract line 2 from line 1d	3	5,483,641.
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 23 of the instructions)	4	82,255.
5 Net value of noncharitable-use assets Subtract line 4 from line 3 Enter here and on Part V, line 4	5	5,401,386.
6 Minimum investment return. Enter 5% of line 5	6	270,069.

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part)

1 Minimum investment return from Part X, line 6	1	
2a Tax on investment income for 2000 from Part VI, line 5	2a	NONE
b Income tax for 2000 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	NONE
3 Distributable amount before adjustments Subtract line 2c from line 1	3	NONE
4a Recoveries of amounts treated as qualifying distributions	4a	NONE
b Income distributions from section 4947(a)(2) trusts	4b	
c Add lines 4a and 4b	4c	NONE
5 Add lines 3 and 4c	5	NONE
6 Deduction from distributable amount (see page 23 of the instructions)	6	NONE
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	NONE

Part XII Qualifying Distributions (see page 24 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a Expenses, contributions, gifts, etc - total from Part I, column (d), line 26	1a	1,210,516.
b Program-related investments - total of lines 1-3 of Part IX-B	1b	NONE
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	46,595.
3 Amounts set aside for specific charitable projects that satisfy the		
a Suitability test (prior IRS approval required)	3a	NONE
b Cash distribution test (attach the required schedule)	3b	NONE
4 Qualifying distributions Add lines 1a through 3b Enter here and on Part V, line 8 and Part XIII, line 4	4	1,257,111.
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	N/A
6 Adjusted qualifying distributions Subtract line 5 from line 4	6	1,257,111.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see page 24 of the instructions)

	(a) Corpus	(b) Years prior to 1999	(c) 1999	(d) 2000
1 Distributable amount for 2000 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 1999				
a Enter amount for 1999 only				
b Total for prior years 19 ____, 19 ____, 19 ____				
3 Excess distributions carryover, if any, to 2000				
a From 1995				
b From 1996				
c From 1997				
d From 1998				
e From 1999				
f Total of lines 3a through e				
4 Qualifying distributions for 2000 from Part XII, line 4 ▶ \$ _____				
a Applied to 1999, but not more than line 2a				
b Applied to undistributed income of prior years (Election required — see page 25 of the instructions)				
c Treated as distributions out of corpus (Election required — see page 25 of the instructions)				
d Applied to 2000 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2000 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount — see page 25 of the instructions				
e Undistributed income for 1999 Subtract line 4a from line 2a Taxable amount — see page 25 of the instructions				
f Undistributed income for 2000 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2001				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8 Excess distributions carryover from 1995 not applied on line 5 or line 7 (see page 25 of the instructions)				
9 Excess distributions carryover to 2001 Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 1996				
b Excess from 1997				
c Excess from 1998				
d Excess from 1999				
e Excess from 2000				

Part XIV Private Operating Foundations (see page 25 of the instructions and Part VII-A, question 9)

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2000, enter the date of the ruling

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year		Prior 3 years		(e) Total
	(a) 2000	(b) 1999	(c) 1998	(d) 1997	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	106,939.				106,939.
b 65% of line 2a	90,898.				90,898.
c Qualifying distributions from Part XII line 4 for each year listed	1,257,111	143,670.			1,400,781.
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	1,257,111.	143,670.			1,400,781.
3 Complete 3a, b or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test. Enter 2/3 of minimum investment return shown in Part X line 6 for each year listed	180,046.	845.			180,891.
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)) or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(ii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year -- see page 26 of the instructions)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

DONALD G. FISHER AND DORIS F. FISHER

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

N/A

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs

Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

N/A

b The form in which applications should be submitted and information and materials they should include

N/A

c Any submission deadlines

N/A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors.

N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i>				
Total				▶ 3a
<i>b Approved for future payment</i>				
Total				▶ 3b

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting organization to a noncharitable exempt organization of (1) Cash (2) Other assets b Other Transactions (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule...

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [] Yes [X] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

Under penalties of perjury I declare that I have examined this return including accompanying schedules and statements and to the best of my knowledge and belief it is true correct and complete Declaration of preparer (other than taxpayer or fiduciary) based on all information of which preparer has any knowledge

Sign Here section containing Signature of officer or trustee, Preparer's signature (Sharon L Zorbach), and Firm's name (DELOITTE & TOUCHE) with address (50 FREMONT STREET, SAN FRANCISCO, CA).

CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis	Gain or (loss)	
5,691,925						12/29/2000 5,691,870.	01/18/2001
TOTAL GAIN(LOSS) . . .						----- 5,691,870 =====	

Part III Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see page 3 of the instructions) (Form 990-PF and Form 990-T filers Use 5th month instead of 3rd month)	19			
20 Number of days from due date of installment on line 9 to the date shown on line 19	20			
21 Number of days on line 20 after 4/15/2000 and before 1/1/2001	21			
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21}}{366} \times 9\%$	22			
23 Number of days on line 20 after 12/31/2000 and before 4/1/2001	23			
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23}}{365} \times 9\%$	24			
25 Number of days on line 20 after 3/31/2001 and before 7/1/2001	25	SEE PENALTY COMPUTATION WHITEPAPER DETAIL		
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25}}{365} \times 9\%$	26			
27 Number of days on line 20 after 6/30/2001 and before 10/1/2001	27			
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27}}{365} \times 9\%$	28			
29 Number of days on line 20 after 9/30/2001 and before 1/1/2002	29			
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29}}{365} \times 9\%$	30			
31 Number of days on line 20 after 12/31/2001 and before 2/16/2002	31			
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31}}{365} \times 9\%$	32			
33 Add lines 22, 24, 26, 28, 30, and 32	33			
34 Penalty Add columns (a) through (d), of line 33. Enter the total here and on Form 1120, line 33, Form 1120-A, line 29, or the comparable line for other income tax returns	34			3,888

*For underpayments paid after March 31, 2001: For lines 26, 28, 30, and 32, use the penalty interest rate for each calendar quarter that the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS Web Site at www.irs.gov. You can also call 1-800-829-1040 to get interest rate information.

Schedule A Annualized Income Installment Method and/or the Adjusted Seasonal Installment Method Under Section 6655(e)
(see pages 3 and 4 of the instructions)

Form 1120S filers. For lines 2, 14, 15 and 16, below, "taxable income" refers to excess net passive income or the amount on which tax is imposed under section 1374(a) (or the corresponding provisions of prior law), whichever applies

Part I - Annualized Income Installment Method		(a)	(b)	(c)	(d)
1 Annualization periods (see page 3 of the instructions)	1	First <u>2</u> months	First <u>3</u> months	First <u>6</u> months	First <u>9</u> months
2 Enter taxable income for each annualization period (see page 3 of the instructions)	2				5,738,388.
3 Annualization amounts (see page 3 of the instructions)	3	6.00000	4.00000	2.00000	1.33333
4 Annualized taxable income Multiply line 2 by line 3	4				7,651,165
5 Figure the tax on the amount in each column on line 4 using the instructions for Form 1120, Schedule J, line 3 (or the comparable line of the tax return)	5				153,023.
6 Enter other taxes for each payment period (see page 4 of the instructions)	6				
7 Total tax Add lines 5 and 6	7				153,023.
8 For each period, enter the same type of credits as allowed on Form 2220, lines 4 and 5c (see page 4 of the instructions)	8				
9 Total tax after credits Subtract line 8 from line 7 If zero or less, enter -0-	9				153,023
10 Applicable percentage	10	25%	50%	75%	100%
11 Multiply line 9 by line 10	11				153,023.
12 Add the amounts in all preceding columns of line 11 (see page 4 of the instructions)	12				
13 Annualized income installments Subtract line 12 from line 11 If zero or less, enter -0-	13				153,023

Part II - Adjusted Seasonal Installment Method (Caution: Use this method only if the base period percentage for any 6 consecutive months is at least 70% See page 4 of the instructions for more information)

		(a)	(b)	(c)	(d)
14 Enter taxable income for the following periods		First 3 months	First 5 months	First 8 months	First 11 months
a Tax year beginning in 1997	14a				
b Tax year beginning in 1998	14b				
c Tax year beginning in 1999	14c				
15 Enter taxable income for each period for the tax year beginning in 2000	15				
		First 4 months	First 6 months	First 9 months	Entire year
16 Enter taxable income for the following periods					
a Tax year beginning in 1997	16a				
b Tax year beginning in 1998	16b				
c Tax year beginning in 1999	16c				
17 Divide the amount in each column on line 14a by the amount in column (d) on line 16a	17				
18 Divide the amount in each column on line 14b by the amount in column (d) on line 16b	18				
19 Divide the amount in each column on line 14c by the amount in column (d) on line 16c	19				

		(a)	(b)	(c)	(d)
		First 4 months	First 6 months	First 9 months	Entire year
20	Add lines 17 through 19				
21	Divide line 20 by 3				
22	Divide line 15 by line 21				
23	Figure the tax on the amount on line 22 using the instructions for Form 1120 Schedule J line 3 (or the comparable line of the return)				
24	Divide the amount in columns (a) through (c) on line 16a by the amount in column (d) on line 16a				
25	Divide the amount in columns (a) through (c) on line 16b by the amount in column (d) on line 16b				
26	Divide the amount in columns (a) through (c) on line 16c by the amount in column (d) on line 16c				
27	Add lines 24 through 26				
28	Divide line 27 by 3				
29	Multiply the amount in columns (a) through (c) of line 23 by columns (a) through (c) of line 28. In column (d) enter the amount from line 23, column (d).				
30	Enter other taxes for each payment period (see page 4 of the instructions)				
31	Total tax. Add lines 29 and 30.				
32	For each period enter the same type of credits as allowed on Form 2220, lines 4 and 5c (see page 4 of the instructions).				
33	Total tax after credits. Subtract line 32 from line 31. If zero or less, enter -0-				
34	Add the amounts in all preceding columns of line 41 (see page 4 of the instructions)				
35	Adjusted seasonal installments. Subtract line 34 from line 33. If zero or less, enter -0-				

Part III - Required Installments

		1st installment	2nd installment	3rd installment	4th installment
		36	if only one of the above parts is completed enter the amount in each column from line 13 or line 35. If both parts are completed enter the smaller of the amounts in each column from line 13 or line 35		
37	Enter 25% of line 8 on page 1 of Form 2220 in each column (Note: "Large corporations" see the instructions for line 10 on page 3, for the amounts to enter)	NONE	57,969.	28,985.	28,985.
38	Enter the amount from line 40 of the preceding column.		NONE	57,969.	86,954.
39	Add lines 37 and 38	NONE	57,969.	86,954.	115,939.
40	If line 39 is more than line 36 subtract line 36 from line 39. Otherwise, enter -0-	NONE	57,969.	86,954.	
41	Required Installments. Enter the smaller of line 36 or line 39 here and on page 1 of Form 2220, line 10				115,939.

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS AND GRANTS RECEIVED

=====

NAME AND ADDRESS -----	DATE ----	DIRECT PUBLIC SUPPORT -----	
DONALD & DORIS FISHER ONE MARITIME PLAZA, SUITE 1400 SAN FRANCISCO, CA 94111	12/28/2000	5,000,017.	SECURITIES
D&DF FOUNDATION ONE MARITIME PLAZA, SUITE 1400 SAN FRANCISCO, CA 94111		250,000.	
TOTAL CONTRIBUTION AMOUNTS		5,250,017.	

=====

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	CHARITABLE PURPOSES -----
INSTRUCTOR FEES	126,200.	126,200
EDUCATIONAL AND OTHER CONSULTING	395,894.	395,894
	-----	-----
TOTALS	522,094.	522,094
	=====	=====

FORM 990PF, PART I - OTHER EXPENSES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	CHARITABLE PURPOSES -----
INSTITUTE MATERIALS & SUPPLIES	2,279		2,279.
FISHER SCHOOL	12,495.		12,495.
OTHER SCHOOL EXPENSES	606.		606.
MARKETING AND ADVERTISEMENT	17,098.		17,098.
RELOCATION EXPENSES	3,500.		3,500
EMPLOYEE RECRUITMENT	14,161.		14,161.
OTHER EMPLOYEE EXPENSES	123.		123.
CELLULAR PHONES	14,740		14,740
BANK SERVICE CHARGES	1,911	1,911.	
COMPUTER/SOFTWARE EXPENSES	4,084.		4,084.
GIFTS	2,042.		2,042.
FILING FEES	102.		102.
OFFICE MISCELLANEOUS	352.		352.
MISCELLANEOUS	-6,467.		-6,467.
PAYROLL PROCESSING FEES	250.		250.
POSTAGE & DELIVERY	22,189.		22,189.

FORM 990PF, PART I - OTHER EXPENSES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	CHARITABLE PURPOSES -----
SUPPLIES	18,579.		18,579.
REPAIRS & MAINTENANCE	380.		380.
TOTALS	----- 108,424. -----	----- 1,911. -----	----- 106,513. -----

FORM 990PF, PART II - OTHER ASSETS

=====

DESCRIPTION -----	ENDING BOOK VALUE -----	ENDING FMV ---
EMPLOYEE ADVANCES & OTHER LONG-TERM RECEIVABLES	5,323	5,323
TOTALS	----- 5,323. -----	----- 5,323. -----

FORM 990PF, PART VII-A - NEW SUBSTANTIAL CONTRIBUTORS

=====

NAME AND ADDRESS -----	DATE ----	DIRECT PUBLIC SUPPORT -----
D&DF FOUNDATION ONE MARITIME PLAZA, SUITE 1400 SAN FRANCISCO, CA 94111		250,000.
TOTAL CONTRIBUTION AMOUNTS		----- 250,000. =====

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES
=====

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
DONALD G. FISHER C/O KIPP FOUNDATION 345 SPEAR STREET, SUITE 510 SAN FRANCISCO, CA 94105	DIRECTOR/CHAIRMAN AS NEEDED	NONE	NONE	NONE
DORIS F. FISHER C/O KIPP FOUNDATION 345 SPEAR STREET, SUITE 510 SAN FRANCISCO, CA 94105	DIRECTOR AS NEEDED	NONE	NONE	NONE
MICHAEL H. FEINBERG C/O KIPP FOUNDATION 345 SPEAR STREET, SUITE 510 SAN FRANCISCO, CA 94105	CEO/DIRECTOR 55 HOURS	8,276.	NONE	NONE
SCOTT HAMILTON C/O KIPP FOUNDATION 345 SPEAR STREET, SUITE 510 SAN FRANCISCO, CA 94105	PRESIDENT PART TIME	NONE	NONE	NONE
JANE SPRAY C/O KIPP FOUNDATION 345 SPEAR STREET, SUITE 510 SAN FRANCISCO, CA 94105	SECRETARY/TREASURER PART TIME	NONE	NONE	NONE
DAVID LEVIN C/O KIPP FOUNDATION 345 SPEAR STREET SAN FRANCISCO, CA 94105	VICE PRESIDENT PART TIME	NONE *	NONE	NONE
	GRAND TOTALS	8,276.	NONE	NONE

* DAVID LEVIN WAS PAID A FEE OF \$70,000 FOR EDUCATIONAL CONSULTING

SUMMARY OF DIRECT CHARITABLE ACTIVITIES

The KIPP Foundation promotes and enhances effective public education at low income public schools (including, specifically, charter schools) through the development of curriculum, training of school executives, facilitation of the sharing of information by schools and school executives, assistance to others in establishing new schools or converting existing schools, and establishment of a national network of highly effective low income schools, initially at the elementary and middle school level. This is accomplished through three programs:

- (1) **School Leadership Training Program.** A school leadership program consisted of a three-day program at the KIPP Academy in New York (a middle school operated by an independent organization), a five-week Summer Institute of general graduate level business education at the University of California, Berkeley, Haas School of Business, provided principally by faculty members from the Haas School under contract with the KIPP Foundation, and three months of classroom training on site at schools relating specifically to school design, school culture, student/teacher expectations, educational reform history and other education-specific topics for which materials and instruction was provided by the officers of KIPP Foundation and other instructors independently of the Haas School.
- (2) **Fellowships.** Beginning in July 2001, qualified individuals are employed for one year to enable them to attend the leadership program and take the necessary steps to open or convert a school to the KIPP format.
- (3) **School Resources Network.** Kipp Foundation acts as a resource for new and existing public (or public charter) schools that are committed to the same general education principles as KIPP Foundation.

SECOND AMENDED AND RESTATED
BYLAWS
OF
KIPP FOUNDATION,
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

ARTICLE I
OFFICES

SECTION 1.1 NAME

The name of the corporation is KIPP FOUNDATION.

SECTION 1.2 PRINCIPAL OFFICE

The principal office of the corporation for the transaction of its business is located at 345 Spear Street, Suite 510, San Francisco, California, in San Francisco County, California, or elsewhere within the State of California as the Board of Directors may from time to time determine.

SECTION 1.3 OTHER OFFICES

The corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate.

ARTICLE II
OBJECTIVES AND PURPOSES

The primary objectives and purposes of this corporation shall be the promotion of high standards of teaching and effective methods of teaching in public and/or charter schools, initially emphasizing middle schools, which may be achieved by some or all of the following:

- (a) development of curricula for use by teachers;
- (b) operation or sponsorship of one or more educational programs for fellows on the subjects of teaching methods, leadership, financial reporting and controls, operating charter schools and related topics, with the objective of training the fellows to be able to start and operate a charter school;
- (c) provision of benefits and services for selected schools, including, e.g., loans for purchase and renovation of facilities, grant-writing assistance, teacher and staff recruiting services, and general counseling; and
- (d) provision of such other programs and services as the Board of Directors shall determine is appropriate for meeting the primary objectives.

ARTICLE III

DIRECTORS

SECTION 3.1 NUMBER

The corporation shall have seven (7) directors until changed by amendment to these bylaws, and collectively they shall be known as the Board of Directors.

SECTION 3.2 POWERS

Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation law and any other applicable laws, the activities and affairs of this corporation shall be conducted, and all corporate powers shall be exercised, by or under the direction of the Board of Directors.

SECTION 3.3 DUTIES

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this corporation, or by these Bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the corporation;
- (c) Supervise all officers, agents and employees of the corporation to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these Bylaws;
- (e) Register their addresses with the Secretary of the corporation and notices of meetings mailed, faxed, or delivered to them at such addresses shall be valid notices thereof.

SECTION 3.4 ELECTION, DESIGNATION, AND TERM OF OFFICE

- (a) Directors shall be elected in accordance with this Section 3.4. This section shall not, however, apply to the election of the initial board of directors who are designated in the Action by Written Consent of sole incorporator. Cumulative voting by directors for the election of directors shall not be permitted.
- (b) Except as provided in Subsection (c) of this Section 3.4, the directors of the Corporation shall be elected, and may be removed at any time without cause, by the agreement of Donald G. Fisher and Doris F. Fisher, founders of the Corporation (each, a "Founder" and collectively, the "Founders"). If either Founder is deceased or incapacitated, directors of the Corporation shall be elected, and may be removed at any time without cause, by the written directions of the holders of a majority of the votes of the group consisting of the Founder (if any) who is surviving and not incapacitated and the adult descendants of the

Founders who are living at the time of the appointment or removal and not incapacitated, as determined in accordance with the following: The Founder (if any) who is surviving and not incapacitated shall be entitled to cast three (3) votes, each of the Founders= sons who is surviving and not incapacitated shall be entitled to cast one (1) vote, and the surviving adult issue who are not incapacitated of each of the Founders= sons who is then deceased or incapacitated shall be entitled to cast one (1) vote, which may be cast in fractional votes and shall be allocated among them in fractional shares, per stirpes. This action may be taken with or without a meeting and with or without consultation with any members of the group who do not participate in giving the directions. If at any time both of the Founders should be deceased or incapacitated and there should be no then surviving sons or more remote descendants of the Founders who are not incapacitated, the appointment or removal shall be made or done by a majority of the directors then in office. A person shall be considered to be incapacitated for this purpose only if a letter is submitted to the Corporation by his or her attending physician (or, if the person has no attending physician, by any licensed physician acceptable to the Corporation) stating that, in the opinion of such physician, the person is at that time incapable of forming a considered opinion concerning the appointment or removal of directors of the Corporation

- (c) At any time during which either or both of Michael Feinberg and David Levin, co-founders of KIPP Academy in Houston, Texas, and KIPP Academy in New York, New York, is acting as a full-time paid employee or consultant of the corporation, Michael Feinberg and David Levin shall have the right together by agreement (or alone if only one be so acting) to elect two (2) directors, and to remove one or both of such elected directors, at any time without cause. If this Subsection (c) does not apply (e.g., because neither Mr. Feinberg nor Mr. Levin is providing full-time employment or consulting services for the corporation), or if Messrs. Feinberg and Levin are both providing full-time employment or consulting services for the corporation but fail to agree upon the selection of a director or directors, Subsection (b) of Section 3.4 shall apply instead.
- (d) The term of office of any director shall expire on the earlier of two years or upon election of a successor. Each such director, including a director elected to fill a vacancy shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

SECTION 3.5 VACANCIES

Vacancies on the Board of Directors shall exist (1) on the death, resignation or removal of any director, and (2) whenever the number of authorized directors is increased

The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Public Benefit Corporation Law

Any director may resign effective upon giving written notice to the Chairman of the Board (if any), the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would

then be left without a duly elected director or directors in charge of its affairs, except upon notice to the Attorney General.

Vacancies on the board may be filled under the same procedures applicable to the election of a director generally as set forth in Section 3.4.

A person elected to fill a vacancy as provided by this Section shall hold office until the next annual election of the Board of Directors or until his or her death, resignation or removal from office.

SECTION 3.6 COMPENSATION

Directors shall serve without compensation except that they may be allowed and paid reasonable compensation for attending meetings as the board may determine by resolution to be just and reasonable as to the corporation. In addition, they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3.3 of this Article. Directors may not be compensated for rendering services to the corporation in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of Section 3.7 of this Article.

SECTION 3.7 RESTRICTION REGARDING INTERESTED DIRECTORS

Notwithstanding any other provision of these Bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons. For purposes of this Section, "interested persons" means either:

- (a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or
- (b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

SECTION 3.8 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

Meetings shall be held at the principal office of the corporation unless otherwise provided by the board or at such place within or without the State of California that has been designated from time to time by resolution of the Board of Directors. In the absence of such designation, any meeting not held at the principal office of the corporation shall be valid only if held on the written consent of all directors given either before or after the meeting and filed with the Secretary of the corporation or after all board members have been given written notice of the meeting as hereinafter provided for special meetings of the board. Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so as long as all directors participating in such meeting can hear one another.

SECTION 3.9 REGULAR AND ANNUAL MEETINGS

Regular meetings of Directors shall be held at such times and intervals as may be determined by resolution of the Board of Directors, and the annual meeting of Directors shall be held at 2

p:m , P S T , on the second Tuesday of May each year, unless the Board fixes another date or time. If the scheduled date of a regular or annual meeting falls on a legal holiday, the meeting shall be held at the same hour and place on the next business day

SECTION 3.10 SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chairman of the Board (if any), the President, any Vice President, the Secretary, or by any two directors, and such meetings shall be held at the place, within or without the State of California, designated by the person or persons calling the meeting, and in the absence of such designation, at the principal office of the corporation.

SECTION 3.11 NOTICE OF MEETINGS

Regular meetings of the board may be held without notice. Special meetings of the board shall be held upon four (4) days' notice by first-class mail or twenty-four (24) hours' notice if delivered personally or by telephone or facsimile. If sent by mail or facsimile, the notice shall be deemed to be delivered on its deposit in the mails or on its receipt by fax. Such notices shall be addressed to each director at his or her address as shown on the books of the corporation. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than forty-eight (48) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than forty-eight (48) hours from the time of the original meeting.

SECTION 3.12 CONTENTS OF NOTICE

Notice of meetings not herein dispensed with shall specify the place, day and hour of the meeting. The purpose of any board meeting need not be specified in the notice.

SECTION 3.13 WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 3.14 QUORUM FOR MEETINGS

A quorum shall consist of a majority of the Directors in office.

Except as otherwise provided in these Bylaws or in the Articles of Incorporation of this corporation, or bylaw, no business shall be considered by the board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at

such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board

When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 3.11 of this Article.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the Articles of Incorporation or Bylaws of this corporation.

SECTION 3.15 MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Incorporation or Bylaws of this corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a director has a material financial interest (Section 5233) and indemnification of directors (Section 5238(e)), require a greater percentage or different voting rules for approval of a matter by the board.

SECTION 3.16 CONDUCT OF MEETINGS

Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or, if no such person has been so designated or, in his or her absence, the President of the corporation or, in his or her absence, by the Vice President of the corporation or, in the absence of each of these persons, by a Chairperson chosen by a majority of the directors present at the meeting. The Secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the Meeting.

SECTION 3.17 ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. For the purposes of this Section only, "all members of the board" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as the unanimous vote of the directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting and that the Bylaws of this corporation authorize the directors to so act, and such statement shall be prima facie evidence of such authority.

SECTION 3.18 NON-LIABILITY OF DIRECTORS

The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

SECTION 3.19 INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

To the extent that a person who is, or was, a director, officer, employee or other agent of this corporation has been successful on the merits in defense of any civil, criminal, administrative or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was, an agent of the corporation, or has been successful in defense of any claim, issue or matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements and other amounts reasonably incurred in connection with such proceedings shall be provided by this corporation but only to the extent allowed by, and in accordance with the requirements of, Section 5238 of the California Nonprofit Public Benefit Corporation Law

SECTION 3.20 INSURANCE FOR CORPORATE AGENTS

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee or other agent of the corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

ARTICLE IV

OFFICERS

SECTION 4.1 NUMBER OF OFFICERS

The officers of the corporation shall be a Chairman of the Board, a President, a Secretary, and a Chief Financial Officer. The corporation may also have, as determined by the Board of Directors, one or more Vice Presidents, Assistant Secretaries, or other officers. Any number of offices may be held by the same person except that neither the Secretary nor the Chief Financial Officer may serve as the President or Chairman of the Board.

SECTION 4.2 QUALIFICATION, ELECTION, AND TERM OF OFFICE

Any person may serve as officer of this corporation. Officers shall be elected by the Board of Directors, at any time, and each officer shall hold office until he or she resigns or is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

SECTION 4.3 SUBORDINATE OFFICERS

The Board of Directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the Board of Directors.

SECTION 4.4 REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the corporation.

SECTION 4.5 VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board of Directors. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

SECTION 4.6 DUTIES OF CHAIRMAN OF THE BOARD

The Chairman of the Board shall, if present, preside at all meetings of the Board of Directors and shall have such other powers and duties as may be prescribed by the Board or as may be prescribed by these bylaws. If there is no President, then the Chairman of the Board shall also be the chief executive officer of the corporation, and shall, have the powers and duties prescribed in Section 4.7 of these bylaws.

SECTION 4.7 DUTIES OF PRESIDENT

Subject to such supervisory powers, if any, as may be given by the board of directors to the Chairman of the Board, the President shall be the general manager and chief executive officer of the corporation and shall, subject to the control of the Board of Directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the Board of Directors. The President shall preside at all meetings of the Board of Directors in the absence (or nonexistence) of a Chairman of the Board. Except as otherwise expressly provided by law, by the Articles of Incorporation, or by these bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board of Directors.

SECTION 4.8 DUTIES OF VICE PRESIDENT

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these bylaws, or as may be prescribed by the Board of Directors

SECTION 4.9 DUTIES OF SECRETARY

The Secretary shall

Certify and keep at the principal office of the corporation the original, or a copy of these Bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these Bylaws.

Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, the Bylaws, and the minutes of the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 4.10 DUTIES OF CHIEF FINANCIAL OFFICER

Subject to the provisions of these Bylaws relating to the "Execution of Instruments, Deposits and Funds," the Chief Financial Officer shall.

- (a) Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors,
- (b) Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever;
- (c) Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements;
- (d) Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- (e) Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request therefor;
- (f) Render to the President and directors, whenever requested, an account of any or all of his or her transactions as Chief Financial Officer and of the financial condition of the corporation;
- (g) Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports; and
- (h) In general, perform all duties incident to the office of Chief Financial Officer and such other duties as may be required by law, by the Articles of Incorporation of the corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 4.11 COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution of the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation, provided, however, that such compensation paid a director for serving as an officer of this corporation shall only be allowed if permitted under the provisions of Sections 3.6 and 3.7 of these Bylaws. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered for the corporation which relate to the performance of the charitable or public purposes of this corporation

ARTICLE V

COMMITTEES

SECTION 5.1 EXECUTIVE COMMITTEE

The Board of Directors may, by a majority vote of directors, designate two (2) or more of its members (who may also be serving as officers of this corporation) to constitute an Executive Committee and delegate to such Committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except with respect to:

- (a) The filling of vacancies on the board or on any committee which has the authority of the board
- (b) The fixing of compensation of the directors for serving on the board or on any committee.
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws.
- (d) The amendment or repeal or any resolution of the board which by its express terms is not so amendable or repealable.
- (e) The appointment of committees of the board or the members thereof.
- (f) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.
- (g) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote of its members then in office, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the board. The Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the board from time to time as the board may require.

SECTION 5.2 OTHER COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the Board of Directors. Such other committees may consist of persons who are not also members of the board. These additional committees shall act in an advisory capacity only to the board and shall be clearly titled as "advisory" committees.

SECTION 5.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board of Directors, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The time for special meetings of committees may also be fixed by the Board of Directors. The Board of Directors may also adopt rules and regulations pertaining to the

conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws

ARTICLE VI

EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

SECTION 6.1 EXECUTION OF INSTRUMENTS

The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount

SECTION 6.2 CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation (a) for a payment of less than twenty-five thousand dollars (\$25,000.00) shall be signed by the Chief Financial Officer or the President of the corporation; and, (b) for a payment of twenty-five thousand dollars (\$25,000.00) or more, shall be signed by the Chief Financial Officer and countersigned by the President of the corporation.

SECTION 6.3 DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

SECTION 6.4 GIFTS

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

ARTICLE VII

CORPORATE RECORDS, REPORTS AND SEAL

SECTION 7.1 MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office in the State of California:

- (a) Minutes of all meetings of directors and committees of the board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof,
- (b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses; and
- (c) A copy of the corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the directors of the corporation at all reasonable times during office hours

SECTION 7.2 CORPORATE SEAL

The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

SECTION 7.3 DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation.

SECTION 7.4 RIGHT TO COPY AND MAKE EXTRACTS

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

SECTION 7.5 ANNUAL REPORT

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation, which report shall contain the following information in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

- (d) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year;
- (e) Any information required by Section 7.6 of this Article.

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

SECTION 7.6 ANNUAL STATEMENT OF SPECIFIC TRANSACTIONS

This corporation shall mail or deliver to all directors a statement within one hundred and twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any indemnification or transaction of the following kind:

Any transaction in which the corporation, or its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

- (a) Any director or officer of the corporation, or its parent or subsidiary (if any) (a mere common directorship shall not be considered a material financial interest);
or
- (b) Any holder of more than ten percent (10%) of the voting power of the corporation, its parent or its subsidiary.

The above statement need only be provided with respect to a transaction during the previous fiscal year involving more than FIFTY THOUSAND DOLLARS (\$50,000) or which was one of a number of transactions with the same persons involving, in the aggregate, more than FIFTY THOUSAND DOLLARS (\$50,000).

Similarly, the statement need only be provided with respect to indemnifications or advances aggregating more than TEN THOUSAND DOLLARS (\$10,000) paid during the previous fiscal year to any director or officer.

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the corporation, the nature of such person's interest in the transaction and, where practical, the amount of such interest, provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

ARTICLE VIII

FISCAL YEAR OF THE CORPORATION

The fiscal year of the corporation shall begin on the first day of July and end on the last day of June in each year.

ARTICLE IX

AMENDMENT OF BYLAWS

Subject to any provision of law applicable to the amendment of Bylaws of public benefit nonprofit corporations, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted.

ARTICLE X

AMENDMENT OF ARTICLES

SECTION 10.1 AMENDMENT OF ARTICLES BEFORE ADMISSION OF MEMBERS

Before any members have been admitted to the corporation, any amendment of the Articles of Incorporation may be adopted by approval of the Board of Directors.

SECTION 10.2 AMENDMENT OF ARTICLES AFTER ADMISSION OF MEMBERS

After members, if any, have been admitted to the corporation, amendment of the Articles of Incorporation may be adopted by the approval of the Board of Directors and by the approval of the members of this corporation.

SECTION 10.3 CERTAIN AMENDMENTS

Notwithstanding the above sections of this Article, this corporation shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation of the names and addresses of the first directors of this corporation, nor the name and address of its initial agent, except to correct an error in such statement or to delete such statement after the corporation has filed a "Statement by a Domestic Non-Profit Corporation" pursuant to Section 6210 of the California Nonprofit Corporation Law.

ARTICLE XI

PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

No director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the Board of Directors, and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation. Upon dissolution or winding up of the affairs of the corporation, whether voluntarily or involuntarily, the assets of the corporation, after all debts have been satisfied, shall be distributed as required by the Articles of Incorporation of this corporation and not otherwise.

ARTICLE XII

NO MEMBERS

The corporation shall have no members. Pursuant to Section 5310(b) of the Nonprofit Public Benefit Corporation Law of the State of California, any action which would otherwise, under law or the provisions of the Articles of Incorporation or Bylaws of this corporation, require approval by a majority of all members or approval by the members, shall only require the approval of the Board of Directors

CERTIFICATE

I certify that I am the duly elected and acting Secretary of KIPP FOUNDATION, a California nonprofit public benefit corporation, that the foregoing Second Amended and Restated Bylaws, consisting of 16 pages, are the bylaws of this corporation as adopted by the board of directors on October __, 2001, and that they have not been amended or modified since that date.

Executed on October __, 2001, at San Francisco, California.



Rachel Hosmer, Secretary

2.

FIRST AMENDED AND RESTATED
BYLAWS
OF
KIPP FOUNDATION,
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

ARTICLE I
OFFICES

SECTION 1.1 NAME

The name of the corporation is KIPP FOUNDATION.

SECTION 1.2 PRINCIPAL OFFICE

The principal office of the corporation for the transaction of its business is located at One Maritime Plaza, Suite 1470, San Francisco, California, in San Francisco County, California, or elsewhere within the State of California as the Board of Directors may from time to time determine.

SECTION 1.3 OTHER OFFICES

The corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate

ARTICLE II
OBJECTIVES AND PURPOSES

The primary objectives and purposes of this corporation shall be the promotion of high standards of teaching and effective methods of teaching in public and/or charter schools, initially emphasizing middle schools, which may be achieved by some or all of the following:

- (a) development of curricula for use by teachers;
- (b) operation or sponsorship of one or more educational programs for fellows on the subjects of teaching methods, leadership, financial reporting and controls, operating charter schools and related topics, with the objective of training the fellows to be able to start and operate a charter school;
- (c) provision of benefits and services for selected schools, including, e.g., loans for purchase and renovation of facilities, grant-writing assistance, teacher and staff recruiting services, and general counseling; and

- (d) provision of such other programs and services as the Board of Directors shall determine is appropriate for meeting the primary objectives.

ARTICLE III

DIRECTORS

SECTION 3.1 NUMBER

The corporation shall have three (3) directors until changed by amendment to these bylaws, and collectively they shall be known as the Board of Directors.

SECTION 3.2 POWERS

Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation law and any other applicable laws, the activities and affairs of this corporation shall be conducted, and all corporate powers shall be exercised, by or under the direction of the Board of Directors

SECTION 3.3 DUTIES

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this corporation, or by these Bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the corporation;
- (c) Supervise all officers, agents and employees of the corporation to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these Bylaws;
- (e) Register their addresses with the Secretary of the corporation and notices of meetings mailed, faxed, or delivered to them at such addresses shall be valid notices thereof.

SECTION 3.4 ELECTION, DESIGNATION, AND TERM OF OFFICE

- (a) Directors shall be elected in accordance with this Section 3.4. This section shall not, however, apply to the election of the initial board of directors who are designated in the Action by Written Consent of sole incorporator. Cumulative voting by directors for the election of directors shall not be permitted.
- (b) Except as provided in Subsection (c) of this Section 3.4, the directors of the Corporation shall be elected, and may be removed at any time without cause, by the agreement of Donald G. Fisher and Doris F. Fisher, founders of the Corporation (each, a "Founder" and collectively, the "Founders"). If either Founder is deceased or incapacitated, directors of the Corporation shall be elected, and may

be removed at any time without cause, by the written directions of the holders of a majority of the votes of the group consisting of the Founder (if any) who is surviving and not incapacitated and the adult descendants of the Founders who are living at the time of the appointment or removal and not incapacitated, as determined in accordance with the following: The Founder (if any) who is surviving and not incapacitated shall be entitled to cast three (3) votes, each of the Founders' sons who is surviving and not incapacitated shall be entitled to cast one (1) vote, and the surviving adult issue who are not incapacitated of each of the Founders' sons who is then deceased or incapacitated shall be entitled to cast one (1) vote, which may be cast in fractional votes and shall be allocated among them in fractional shares, per stirpes. This action may be taken with or without a meeting and with or without consultation with any members of the group who do not participate in giving the directions. If at any time both of the Founders should be deceased or incapacitated and there should be no then surviving sons or more remote descendants of the Founders who are not incapacitated, the appointment or removal shall be made or done by a majority of the directors then in office. A person shall be considered to be incapacitated for this purpose only if a letter is submitted to the Corporation by his or her attending physician (or, if the person has no attending physician, by any licensed physician acceptable to the Corporation) stating that, in the opinion of such physician, the person is at that time incapable of forming a considered opinion concerning the appointment or removal of directors of the Corporation.

- (c) At any time during which either or both of Michael Feinberg and David Levin, co-founders of KIPP Academy in Houston, Texas, and KIPP Academy in New York, New York, is acting as a full-time paid employee or consultant of the corporation, Michael Feinberg and David Levin shall have the right together by agreement (or alone if only one be so acting) to elect one director, and to remove such director at any time without cause. If this Subsection (c) does not apply (e.g., because neither Mr. Feinberg nor Mr. Levin is providing full-time employment or consulting services for the corporation), or if Messrs. Feinberg and Levin are both providing full-time employment or consulting services for the corporation but fail to agree upon the selection of a director, Subsection (b) of Section 3.4 shall apply instead.
- (d) The term of office of any director shall expire on the earlier of one year or upon election of a successor. Each such director, including a director elected to fill a vacancy shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

SECTION 3.5 VACANCIES

Vacancies on the Board of Directors shall exist (1) on the death, resignation or removal of any director, and (2) whenever the number of authorized directors is increased.

The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Public Benefit Corporation Law

Any director may resign effective upon giving written notice to the Chairman of the Board (if any), the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for

the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the Attorney General.

Vacancies on the board may be filled under the same procedures applicable to the election of a director generally as set forth in Section 3.4.

A person elected to fill a vacancy as provided by this Section shall hold office until the next annual election of the Board of Directors or until his or her death, resignation or removal from office

SECTION 3.6 COMPENSATION

Directors shall serve without compensation except that they may be allowed and paid reasonable compensation for attending meetings as the board may determine by resolution to be just and reasonable as to the corporation. In addition, they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3.3 of this Article. Directors may not be compensated for rendering services to the corporation in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of Section 3.7 of this Article.

SECTION 3.7 RESTRICTION REGARDING INTERESTED DIRECTORS

Notwithstanding any other provision of these Bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons. For purposes of this Section, "interested persons" means either:

- (a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or
- (b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

SECTION 3.8 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

Meetings shall be held at the principal office of the corporation unless otherwise provided by the board or at such place within or without the State of California that has been designated from time to time by resolution of the Board of Directors. In the absence of such designation, any meeting not held at the principal office of the corporation shall be valid only if held on the written consent of all directors given either before or after the meeting and filed with the Secretary of the corporation or after all board members have been given written notice of the meeting as hereinafter provided for special meetings of the board. Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so as long as all directors participating in such meeting can hear one another.

SECTION 3.9 REGULAR AND ANNUAL MEETINGS

Regular meetings of Directors shall be held at such times and intervals as may be determined by resolution of the Board of Directors, and the annual meeting of Directors shall be held at 2 p.m.,

P.S.T., on the second Tuesday of September each year, unless the Board fixes another date or time. If the scheduled date of a regular or annual meeting falls on a legal holiday, the meeting shall be held at the same hour and place on the next business day.

SECTION 3.10 SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chairman of the Board (if any), the President, any Vice President, the Secretary, or by any two directors, and such meetings shall be held at the place, within or without the State of California, designated by the person or persons calling the meeting, and in the absence of such designation, at the principal office of the corporation.

SECTION 3.11 NOTICE OF MEETINGS

Regular meetings of the board may be held without notice. Special meetings of the board shall be held upon four (4) days' notice by first-class mail or twenty-four (24) hours' notice if delivered personally or by telephone or facsimile. If sent by mail or facsimile, the notice shall be deemed to be delivered on its deposit in the mails or on its receipt by fax. Such notices shall be addressed to each director at his or her address as shown on the books of the corporation. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than forty-eight (48) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than forty-eight (48) hours from the time of the original meeting.

SECTION 3.12 CONTENTS OF NOTICE

Notice of meetings not herein dispensed with shall specify the place, day and hour of the meeting. The purpose of any board meeting need not be specified in the notice.

SECTION 3.13 WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 3.14 QUORUM FOR MEETINGS

A quorum shall consist of a majority of the Directors in office.

Except as otherwise provided in these Bylaws or in the Articles of Incorporation of this corporation, or bylaw, no business shall be considered by the board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board.

When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 3.11 of this Article.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the Articles of Incorporation or Bylaws of this corporation.

SECTION 3.15 MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Incorporation or Bylaws of this corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a director has a material financial interest (Section 5233) and Indemnification of directors (Section 5238(e)), require a greater percentage or different voting rules for approval of a matter by the board.

SECTION 3.16 CONDUCT OF MEETINGS

Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or, if no such person has been so designated or, in his or her absence, the President of the corporation or, in his or her absence, by the Vice President of the corporation or, in the absence of each of these persons, by a Chairperson chosen by a majority of the directors present at the meeting. The Secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the Meeting.

SECTION 3.17 ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. For the purposes of this Section only, "all members of the board" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as the unanimous vote of the directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting and that the Bylaws of this corporation authorize the directors to so act, and such statement shall be prima facie evidence of such authority.

SECTION 3.18 NON-LIABILITY OF DIRECTORS

The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation

**SECTION 3.19 INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS,
EMPLOYEES AND OTHER AGENTS**

To the extent that a person who is, or was, a director, officer, employee or other agent of this corporation has been successful on the merits in defense of any civil, criminal, administrative or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was, an agent of the corporation, or has been successful in defense of any claim, issue or matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding.

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements and other amounts reasonably incurred in connection with such proceedings shall be provided by this corporation but only to the extent allowed by, and in accordance with the requirements of, Section 5238 of the California Nonprofit Public Benefit Corporation Law.

SECTION 3.20 INSURANCE FOR CORPORATE AGENTS

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee or other agent of the corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

ARTICLE IV

OFFICERS

SECTION 4.1 NUMBER OF OFFICERS

The officers of the corporation shall be a Chairman of the Board, a President, a Secretary, and a Chief Financial Officer. The corporation may also have, as determined by the Board of Directors, one or more Vice Presidents, Assistant Secretaries, or other officers. Any number of offices may be held by the same person except that neither the Secretary nor the Chief Financial Officer may serve as the President or Chairman of the Board.

SECTION 4.2 QUALIFICATION, ELECTION, AND TERM OF OFFICE

Any person may serve as officer of this corporation. Officers shall be elected by the Board of Directors, at any time, and each officer shall hold office until he or she resigns or is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

SECTION 4.3 SUBORDINATE OFFICERS

The Board of Directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the Board of Directors.

SECTION 4.4 REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the corporation

SECTION 4.5 VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board of Directors. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine

SECTION 4.6 DUTIES OF CHAIRMAN OF THE BOARD

The Chairman of the Board shall, if present, preside at all meetings of the Board of Directors and shall have such other powers and duties as may be prescribed by the Board or as may be prescribed by these bylaws. If there is no President, then the Chairman of the Board shall also be the chief executive officer of the corporation, and shall, have the powers and duties prescribed in Section 4.7 of these bylaws.

SECTION 4.7 DUTIES OF PRESIDENT

Subject to such supervisory powers, if any, as may be given by the board of directors to the Chairman of the Board, the President shall be the general manager and chief executive officer of the corporation and shall, subject to the control of the Board of Directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the Board of Directors. The President shall preside at all meetings of the Board of Directors in the absence (or nonexistence) of a Chairman of the Board. Except as otherwise expressly provided by law, by the Articles of Incorporation, or by these bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board of Directors.

SECTION 4.8 DUTIES OF VICE PRESIDENT

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these bylaws, or as may be prescribed by the Board of Directors.

SECTION 4.9 DUTIES OF SECRETARY

The Secretary shall:

Certify and keep at the principal office of the corporation the original, or a copy of these Bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof

See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these Bylaws.

Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, the Bylaws, and the minutes of the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 4.10 DUTIES OF CHIEF FINANCIAL OFFICER

Subject to the provisions of these Bylaws relating to the "Execution of Instruments, Deposits and Funds," the Chief Financial Officer shall:

- (a) Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors;
- (b) Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever;
- (c) Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements;
- (d) Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- (e) Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request therefor;

- (f) Render to the President and directors, whenever requested, an account of any or all of his or her transactions as Chief Financial Officer and of the financial condition of the corporation,
- (g) Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports, and
- (h) In general, perform all duties incident to the office of Chief Financial Officer and such other duties as may be required by law, by the Articles of Incorporation of the corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors

SECTION 4.11 COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution of the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation, provided, however, that such compensation paid a director for serving as an officer of this corporation shall only be allowed if permitted under the provisions of Sections 3.6 and 3.7 of these Bylaws. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered for the corporation which relate to the performance of the charitable or public purposes of this corporation.

ARTICLE V

COMMITTEES

SECTION 5.1 EXECUTIVE COMMITTEE

The Board of Directors may, by a majority vote of directors, designate two (2) or more of its members (who may also be serving as officers of this corporation) to constitute an Executive Committee and delegate to such Committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except with respect to:

- (a) The filling of vacancies on the board or on any committee which has the authority of the board
- (b) The fixing of compensation of the directors for serving on the board or on any committee
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws.
- (d) The amendment or repeal or any resolution of the board which by its express terms is not so amendable or repealable
- (e) The appointment of committees of the board or the members thereof.
- (f) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected

- (g) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote of its members then in office, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the board. The Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the board from time to time as the board may require.

SECTION 5.2 OTHER COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the Board of Directors. Such other committees may consist of persons who are not also members of the board. These additional committees shall act in an advisory capacity only to the board and shall be clearly titled as "advisory" committees.

SECTION 5.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board of Directors, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The time for special meetings of committees may also be fixed by the Board of Directors. The Board of Directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

ARTICLE VI

EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

SECTION 6.1 EXECUTION OF INSTRUMENTS

The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

SECTION 6.2 CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation (a) for a payment of less than twenty-five thousand dollars (\$25,000.00) shall be signed by the Chief Financial Officer or the President of the

corporation, and, (b) for a payment of twenty-five thousand dollars (\$25,000.00) or more, shall be signed by the Chief Financial Officer and countersigned by the President of the corporation.

SECTION 6.3 DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

SECTION 6.4 GIFTS

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

ARTICLE VII

CORPORATE RECORDS, REPORTS AND SEAL

SECTION 7.1 MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office in the State of California:

- (a) Minutes of all meetings of directors and committees of the board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- (b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses; and
- (c) A copy of the corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the directors of the corporation at all reasonable times during office hours.

SECTION 7.2 CORPORATE SEAL

The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

SECTION 7.3 DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation.

SECTION 7.4 RIGHT TO COPY AND MAKE EXTRACTS

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

SECTION 7.5 ANNUAL REPORT

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation, which report shall contain the following information in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year,
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
- (d) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year;
- (e) Any information required by Section 7.6 of this Article.

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

SECTION 7.6 ANNUAL STATEMENT OF SPECIFIC TRANSACTIONS

This corporation shall mail or deliver to all directors a statement within one hundred and twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any indemnification or transaction of the following kind.

Any transaction in which the corporation, or its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

- (a) Any director or officer of the corporation, or its parent or subsidiary (if any) (a mere common directorship shall not be considered a material financial interest); or
- (b) Any holder of more than ten percent (10%) of the voting power of the corporation, its parent or its subsidiary.

The above statement need only be provided with respect to a transaction during the previous fiscal year involving more than FIFTY THOUSAND DOLLARS (\$50,000) or which was one of a number of transactions with the same persons involving, in the aggregate, more than FIFTY THOUSAND DOLLARS (\$50,000).

Similarly, the statement need only be provided with respect to indemnifications or advances aggregating more than TEN THOUSAND DOLLARS (\$10,000) paid during the previous fiscal year to any director or officer.

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the corporation, the nature of

such person's interest in the transaction and, where practical, the amount of such interest, provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

ARTICLE VIII

FISCAL YEAR OF THE CORPORATION

The fiscal year of the corporation shall begin on the first day of July and end on the last day of June in each year.

ARTICLE IX

AMENDMENT OF BYLAWS

Subject to any provision of law applicable to the amendment of Bylaws of public benefit nonprofit corporations, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted.

ARTICLE X

AMENDMENT OF ARTICLES

SECTION 10.1 AMENDMENT OF ARTICLES BEFORE ADMISSION OF MEMBERS

Before any members have been admitted to the corporation, any amendment of the Articles of Incorporation may be adopted by approval of the Board of Directors.

SECTION 10.2 AMENDMENT OF ARTICLES AFTER ADMISSION OF MEMBERS

After members, if any, have been admitted to the corporation, amendment of the Articles of Incorporation may be adopted by the approval of the Board of Directors and by the approval of the members of this corporation.

SECTION 10.3 CERTAIN AMENDMENTS

Notwithstanding the above sections of this Article, this corporation shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation of the names and addresses of the first directors of this corporation, nor the name and address of its initial agent, except to correct an error in such statement or to delete such statement after the corporation has filed a "Statement by a Domestic Non-Profit Corporation" pursuant to Section 6210 of the California Nonprofit Corporation Law.

ARTICLE XI

PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

No director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of

its public or charitable purposes, provided that such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the Board of Directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation. Upon dissolution or winding up of the affairs of the corporation, whether voluntarily or involuntarily, the assets of the corporation, after all debts have been satisfied, shall be distributed as required by the Articles of Incorporation of this corporation and not otherwise.

ARTICLE XII

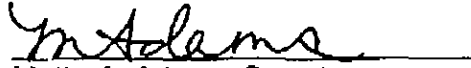
NO MEMBERS

The corporation shall have no members. Pursuant to Section 5310(b) of the Nonprofit Public Benefit Corporation Law of the State of California, any action which would otherwise, under law or the provisions of the Articles of Incorporation or Bylaws of this corporation, require approval by a majority of all members or approval by the members, shall only require the approval of the Board of Directors.

CERTIFICATE

I certify that I am the duly elected and acting Secretary of KIPP FOUNDATION, a California nonprofit public benefit corporation, that the above bylaws, consisting of 15 pages, are the bylaws of this corporation as adopted by the board of directors on Dec. 13, 2000, and that they have not been amended or modified since that date.

Executed on Dec. 14, 2000, at San Francisco, California


Mette C Adams, Secretary

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box **Note Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868**
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time — Must File Original and One Copy.

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization KIPP FOUNDATION	Employer identification number 94-3362724
	Number, street, and room or suite no. If a PO box see instructions ONE MARITIME PLAZA, SUITE 1400	For IRS use only
	City, town, or post office, state, and ZIP code For a foreign address, see instructions SAN FRANCISCO, CA 94111	

Check type of return to be filed (File a separate application for each return)

- Form 990 Form 990-EZ Form 990-T (sec 401(a) or 408(a) trust) Form 1041-A Form 5227 Form 8870
- Form 990-BL Form 990-PF Form 990-T (trust other than above) Form 4720 Form 6069

STOP Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole group**, check this box If it is for **part of the group**, check this box and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until MAY 15, 2002

5 For calendar year _____, or other tax year beginning JULY 1, 2000 and ending JUNE 30, 2001

6 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

7 State in detail why you need the extension
INFORMATION NECESSARY TO PREPARE AND FILE A COMPLETE AND ACCURATE RETURN IS NOT YET AVAILABLE.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax less any nonrefundable credits See instructions \$ _____

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____

c **Balance Due** Subtract line 8b from line 8a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ _____

Signature and Verification

Under penalties of perjury I declare that I have examined this form including accompanying schedules and statements and to the best of my knowledge and belief it is true correct and complete and that I am authorized to prepare this form

A member of the firm of Deloitte & Touche LLP
50 Fremont Street, San Francisco, CA 94105

Signature M. R. Smalligan Title _____ Date 2/12/02

Notice to Applicant — To Be Completed by the IRS

- We have approved this application. Please attach this form to the organization's return
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
- Other _____

EXTENSION APPROVED

MAR 05 2002

Director _____ By _____ Date _____

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name DELOITTE & TOUCHE, LLP; ATTN: MARY SMALLIGAN
	Number and street (include suite, room, or apt no.) Or a PO box number 50 FREMONT STREET
	City or town, province or state, and country (including postal or ZIP code) SAN FRANCISCO, CA 94105

LINDA WELSH, FIELD DIRECTOR, OGDEN
SUBMITTED FOR PROCESSING

Name **KIPP FOUNDATION** Employer identification number **94-3362724**

Note: In most cases the corporation does not need to file Form 2220 (See Part I below for exceptions) The IRS will figure any penalty owed and bill the corporation If the corporation does not need to file Form 2220 it may still use it to figure the penalty Enter the amount from line 34 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220

Part I Reasons for Filing - Check the boxes below that apply to the corporation If any boxes are checked, the corporation must file Form 2220, even if it does not owe the penalty If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty See page 1 of the instructions

- 1 The corporation is using the annualized income installment method
- 2 The corporation is using the adjusted seasonal installment method
- 3 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax

Note: The corporation also must file Form 2220 if it has a research credit allowed for the current year See the instructions for line 4 on page 2

Part II Figuring the Underpayment

4 Total tax (see page 2 of the instructions)		4		115,938.
5 a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4	5a			
b Interest included on line 4 due under the look-back method of section 460(b)(2) for completed long-term contracts or section 167(g) for property depreciated under the income forecast method	5b			
c Credit for Federal tax paid on fuels (see page 2 of the instructions)	5c			
d Total Add lines 5a through 5c		5d		
6 Subtract line 5d from line 4 If the result is less than \$500, do not complete or file this form The corporation does not owe the penalty		6		115,938.
7 Enter the tax shown on the corporation's 1999 income tax return Caution See page 2 of the instructions before completing this line		7		NONE
8 Enter the smaller of line 6 or line 7 If the corporation must skip line 7, enter the amount from line 6 on line 8		8		NONE

		(a)	(b)	(c)	(d)
9 Installment due dates Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers Enter 5th month), 6th, 9th, and 12th months of the corporation's tax year ▶	9	11/15/2000	12/15/2000	03/15/2001	06/15/2001
10 Required installments If the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 41 If the box on line 3 (but not 1 or 2) is checked, see page 3 of the instructions for the amounts to enter If none of these boxes are checked, enter 25% of line 8 above in each column	10				115,939.
11 Estimated tax paid or credited for each period (see page 3 of the instructions) For column (a) only, enter the amount from line 11 on line 15 Complete lines 12 through 18 of one column before going to the next column	11				
12 Enter amount, if any, from line 18 of the preceding column	12				
13 Add lines 11 and 12	13				
14 Add amounts on lines 16 and 17 of the preceding column	14				
15 Subtract line 14 from line 13 If zero or less, enter -0-	15				
16 If the amount on line 15 is zero, subtract line 13 from line 14 Otherwise, enter -0-	16				
17 Underpayment If line 15 is less than or equal to line 10, subtract line 15 from line 10 Then go to line 12 of the next column Otherwise, go to line 18	17				115,939.
18 Overpayment If line 10 is less than line 15, subtract line 10 from line 15 Then go to line 12 of the next column	18				

Complete Part III on page 2 to figure the penalty If there are no entries on line 17, no penalty is owed

Application for Extension of Time to File an Exempt Organization Return

▶ File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)

Note. Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Part I Automatic 3-Month Extension of Time — Only submit original (no copies needed)

Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns
Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print File by the due date for filing your return See instructions	Name of Exempt Organization KIPP FOUNDATION	Employer identification number 94-3362724
	Number street, and room or suite no. If a PO box, see instructions ONE MARITIME PLAZA, SUITE 1450	
	City, town or post office, state, and ZIP code For a foreign address see instructions SAN FRANCISCO, CA 94111	

Check type of return to be filed (file a separate application for each return)

- | | | |
|---|--|------------------------------------|
| <input type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until FEBRUARY 15 2002 to file the exempt organization return for the organization named above. The extension is for the organization's return for

▶ calendar year 20 ____ or

▶ tax year beginning JULY 1 2000 and ending JUNE 30, 2001

2 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ 120,000

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit \$ None

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$20,000.00

Signature and Verification

Under penalties of perjury I declare that I have examined this form including accompanying schedules and statements and to the best of my knowledge and belief it is true correct, and complete and that I am authorized to prepare this form

A member of the firm of Deloitte & Touche LLP
50 Fremont Street, San Francisco, CA 94105

Signature ▶ M. R. Smallegan, CPA Title ▶ _____ Date ▶ 1/15/01

For Paperwork Reduction Act Notice, see Instruction