

Part 1: Charter and Bylaws

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Bylaws of the Association

The following Bylaws were adopted November 15, 2004, unless otherwise noted.

Article I

Type of Corporation; Purposes; Offices; Records

Section 1.1. The Association. American Angus Association (the "Association") is a corporation that is organized under the Illinois General Not For Profit Corporation Act of 1986, as amended. Pursuant to its articles of incorporation (hereinafter referred to as its "Charter"), the Association has members as provided in Article II of these Bylaws.

Section 1.2. Purposes Stated in Charter. The purposes of the Association shall be those nonprofit purposes stated in the Charter.

Section 1.3. Principal Office. The principal office and location of the Association shall be at 3201 Frederick Avenue, Saint Joseph, Missouri 64506-2997, or at such other place in or outside the State of Illinois as may be designated from time to time by the Board of Directors.

Section 1.4. Registered Office and Registered Agent. The Association shall have and continuously maintain a registered office and registered agent in the State of Illinois. The location of the registered office and the name of the registered agent in the State of Illinois shall be as are stated in the Charter or as may be determined from time to time by the Board of Directors pursuant to the applicable provisions of law.

Section 1.5. Records. The Association shall keep as permanent records (i) the American Angus Herd Book, (ii) certain collected data and samples, as designated by the Board of Directors from time to time, and (iii) minutes of all meetings of its members (acting through delegates at a Convention of Delegates) and Board of Directors, a record of all actions taken by the directors without a meeting, and a record of all actions taken by committees of the Board of Directors. The Association shall maintain appropriate accounting records.

The Association or its agent shall maintain a record of its members in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by classes. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

Section 1.6. Seal. The Board of Directors may adopt, and may alter or discontinue at its pleasure, a corporate seal.

Article II

Membership

Section 2.1. Classes of Membership. There shall be five (5) classes of membership in the Association: (i) Life; (ii) Regular; (iii) Junior; (iv) Affiliate; and (v) Nonresident.

Section 2.2. Compliance with Bylaws and *Breeder's Reference Guide*. As a condition of membership in the Association, each member shall conform to and abide by these Bylaws and the *Breeder's Reference Guide* (which includes the Association's Charter, Bylaws and other rules and regulations), as each may be amended from time to time.

Section 2.3. Application for Membership. Application for membership shall be made by submitting to the Chief Executive Officer of the Association an application in the form prescribed by the Board of Directors, accompanied by the established membership fee. The Board of Directors shall have the power to accept or reject applications for membership, fix membership fees, and establish rules and regulations governing the rights and privileges of each class of membership, consistent with the provisions of these Bylaws.

Section 2.4. Regular Memberships. Regular Memberships may be granted by the Board of Directors to individuals (either in their individual names or in the names under which they operate their business) and entities (partnerships, corporations, limited liability companies, limited liability partnerships or any other legally recognized entity). All Applicants for Regular Membership must be residents of (in the case of individuals), or controlled by residents of (in the case of entities), the United States, including its territories and possessions, or Canada. Regular Members shall be assessed annual dues in the amount determined from time to time by the Board of Directors.

Section 2.5. Life Membership. Effective January 1, 2010, Life Memberships may be granted by the Board of Directors to individuals only and such Life Memberships are non-transferable. With respect to those Life Memberships in existence prior to October 1, 1980, such memberships may be held by individuals (either in their individual names or in the names under which they operate their business) or entities (partnerships, corporations, limited liability companies, limited liability partnerships or any other legally recognized entity). Life Memberships issued prior to October 1, 1980, may be transferrable one time only. All applicants for Life Membership and all current Life Members must be residents of (in the case of individuals), or controlled by residents of (in the case of entities) the United States, including its territories and possessions, or Canada. Life Members shall pay a one-time membership fee in an amount and in a manner that may be established by the Board of Directors from time to time. (As adopted November 15, 2010)

Section 2.6. Junior Memberships. Applicants for Annual Junior Membership must be individuals under 21 years of age and be residents of the United States, including its territories and possessions, or Canada. Annual Junior Members shall be assessed annual dues in the amount determined from time to time by the Board of Directors. Annual Junior Membership shall expire upon the attainment of age 21. Annual Junior Membership may be converted to a Regular Membership upon payment of annual dues or converted to a Life Membership with payment of fees in an amount that may be established by the Board of Directors from time to time. No multi-year Junior Memberships shall be issued after October 1, 2001. (As amended November 16, 2009)

Section 2.7. Affiliate Memberships. Applicants for Affiliate Membership must be individuals and entities who are residents of the United States, including its territories and possessions, or Canada. The qualifications for and privileges of Affiliate Membership shall be established by the Board of Directors from time to time.

Section 2.8. Nonresident Memberships. Applicants for Nonresident Membership shall be individuals and entities who are residents of countries other than the United States, including its territories and possessions, or Canada. Their qualifications, rights and privileges of membership shall be established by the Board of Directors from time to time.

Section 2.9. Active vs. Inactive Members. Each member shall be subject to classification by the Association as either Active or Inactive. Inactive Members shall not share in the benefits of membership. Specifically, an Inactive Member may not act in the appointment of delegates and may not serve as a delegate or alternate delegate. Additionally, no Inactive Member may serve as an officer or director of the Association. An Active Member shall be defined as follows:

(a) A Life and Nonresident Member shall be considered Active if they engaged in the registration of purebred Angus cattle within the last three (3) years.

(b) An Annual Junior Member shall be considered active if such member has paid annual dues in the past 12 months. A multiple year Junior Member shall be considered active if they have engaged in the registration of purebred Angus cattle within the last six (6) fiscal years.

(c) A Regular Member shall be considered Active if such member has paid annual dues in the past 12 months.

(d) An Affiliate Member shall be considered Active if they have had at least one (1) registered Angus animal transferred to their membership within the last three (3) fiscal years.

All other members shall be considered Inactive. (As amended on November 5, 2015)

Section 2.10. Reinstatement of Inactive Members. An Inactive Member may be reinstated by the Association upon meeting the applicable criteria set forth in Section 2.9.

Section 2.11. Cessation of Membership. Except as may otherwise be provided in the *Breeder's Reference Guide*, membership in the Association shall cease upon the death, resignation or expulsion of a member that is an individual, or upon the dissolution, liquidation, resignation or expulsion of a member that is an entity.

Article III

Convention of Delegates

Section 3.1. Convention. In lieu of meetings of the members, the Association shall have Conventions of Delegates, with such delegates to be chosen in accordance with these Bylaws by a representative of each Active Life Member and Active Regular Member. (As amended on November 15, 2010)

Section 3.2. Annual Conventions. An Annual Convention of Delegates shall be held within one hundred eighty (180) days following the close of the Association's fiscal year at such time and place as may be designated by the Board of Directors.

Section 3.3. Special Conventions. Special meetings of the Convention of Delegates may be called when the Board of Directors, by majority resolution, directs the Chief Executive Officer to call such meeting, or at the request, in writing, of not less than one-third of the duly elected delegates on the current Roll of Delegates and Alternates. Special meetings may be held at the office of the Association or at such other place as may be designated by the Board of Directors. Notices shall be sent to all delegates and alternate delegates at least thirty (30) days prior to any special meeting. Only the business specified in such notice shall be acted upon.

Section 3.4. Roll of Delegates and Alternates; Districts. The Roll of Delegates and Alternates who shall act at the Convention of Delegates shall be composed of delegates and alternate delegates elected from districts in the manner provided by these Bylaws. Each state and each territory of the United States, and Canada (without regard to its territories and provinces), shall constitute a district.

Section 3.5. Determination of Number of Delegates and Alternate Delegates. The number of delegates and alternate delegates to which each district is entitled shall be determined by the lists of Active Life Members and Active Regular Members recorded in the office of the Association each year on the last business day of the month in which the nomination period begins, and by the number of registrations processed for each district during the prior fiscal year. Each district shall be entitled to one (1) delegate and one (1) alternate delegate. In addition, each district shall be entitled to one (1) additional delegate and one (1) additional alternate delegate for every one hundred (100) Active Life Members or Active Regular Members (rounded up or down to the nearest whole delegate number), residing in such district. Furthermore, each district shall be entitled to one (1) delegate and one (1) alternate delegate for each three thousand (3,000) registrations processed from such

district during the Association's prior fiscal year. Notwithstanding the foregoing, each district having (i) more than twenty-five (25) Active Life Members or Active Regular Members but not more than one hundred fifty (150) Active Life Members or Active Regular Members, and (ii) less than three thousand (3,000) registrations processed from such district during the Association's prior fiscal year, shall be entitled to one (1) additional delegate and one (1) additional alternate delegate. (As amended on November 5, 2015)

Section 3.6. Determination of Eligible Voting Members. In order to be eligible to (1) receive and submit a nomination form, (2) receive and submit a ballot to vote for the delegates, and (3) be nominated and elected to serve as a delegate, each of the following criteria must be met:

(a) The individual must be (or be associated with) an Active Regular or Active Life Member when the nomination period begins;

(b) The member or individual acting on behalf of the member must be 18 years of age when the nomination period begins; and

(c) The member must have done one of the following during the preceding 12 months from when the nomination period begins:

(i) conducted a threshold dollar amount of business (excluding membership fees) with AAA and/or AGI, such threshold dollar amount to be set by the Board of Directors in its discretion from time to time; or

(ii) registered at least one animal.

If the member meets these criteria, then the member will be considered an "Eligible Voting Member" and be able to participate in the election process. (As adopted on November 5, 2015)

Section 3.7. Nomination of Delegates.

(a) Upon the Association determining the number of delegates and alternate delegates applicable to each district, each district shall determine the individual delegates and alternate delegates to attend the Annual Convention of Delegates. No later than 210 days before the date of the Annual Convention of Delegates each year, the Chief Executive Officer shall notify each Eligible Voting Member of such member's right to nominate one delegate candidate. The Board of Directors may determine the form and method of delivery from time to time. The nomination period shall run from the date that nomination forms are distributed until the date that is 150 days before the Annual Convention of Delegates. (As amended on November 5, 2015)

(b) Nomination shall be on a form provided by the Association and delivered to the Chief Executive Officer.

(c) Only one representative of each Eligible Voting Member may nominate delegates. Although multiple individuals affiliated with any Eligible Voting Member are eligible to be nominated as delegates, the name of only one individual affiliated with a particular Eligible Voting Member may actually be placed on the ballot as a candidate for delegate. In the event that more than one individual affiliated with a particular Eligible Voting Member is nominated as a delegate, the selection of the one individual whose name is to be placed on the ballot as a candidate for delegate shall be made by a representative of such member; provided, however, if a representative of such member fails to make such selection, the name of the individual affiliated with such member whose name was first placed in nomination, as determined by the Association's records, shall be placed on such ballot. A representative of an Eligible Voting Member who makes such nomination may only nominate an individual (including himself or herself) (1) who resides in the district of the nominator and (2) who is affiliated with an Eligible Voting Member. (As amended on November 5, 2015)

(d) The term "resides in" shall mean the district in which the nominator and nominee engages in the breeding and registration of Angus cattle. However, no member may be a nominee from more than one district.

Section 3.8. Election of Delegates.

(a) The Chief Executive Officer shall prepare a ballot for each district, setting forth the date of the Annual Convention of Delegates, the name of the district, the number of delegates to be chosen by such district and the names of all of the candidates for the district, with such names listed in the order in which their nominations were received by the Chief Executive Officer. (As amended on November 5, 2015)

(b) The ballots shall be sent, by such method of delivery and in such form as determined by the Board of Directors from time to time, to all Eligible Voting Members at least one hundred twenty (120) days prior to the Annual Convention of Delegates. Only Eligible Voting Members may vote in the election of delegates. In order to be timely received, each ballot must be executed in accordance with the instructions accompanying such ballot and returned to the Chief Executive Officer at least ninety (90) days prior to the Annual Convention of Delegates. Ballots improperly executed or received less than ninety (90) days prior to the Annual Convention shall be null and void. (As amended on November 5, 2015)

(c) Each Eligible Voting Member may vote for the number of delegates to be chosen by the district, as indicated on the ballot. In lieu of voting in favor of a listed candidate, each Eligible Voting Member may write in the name of any other Eligible Voting Member residing in such district. (As amended on November 5, 2015)

(d) When the ballots are received by the Chief Executive Officer, he or she shall carefully preserve them until two (2) Election Observers have been appointed by the Board of Directors. Such appointees shall be active Regular or Life Members. The Election Observers shall observe the counting or computation of the ballots and may make determinations relating to improperly executed or submitted ballots. (As amended November 5, 2015)

(e) The candidate or candidates receiving the largest number of votes in each district shall be declared elected as delegates. In the event of a tie, such tie shall be broken by drawing one of the names from lot, and the name so drawn shall be declared elected as a delegate.

(f) The delegate receiving the largest number of votes in each district shall be chairperson of the district delegation. In the event of a tie, such tie shall be broken by drawing one of the names from lot, and the name so drawn shall be declared the chairperson.

(g) After the number of delegates to which each district is entitled have been elected, an equal number of candidates receiving the next largest number of votes shall be declared elected as alternate delegates for such districts. In the event of a tie, such tie shall be broken by drawing one of the names from the lot, and the name so drawn shall be declared elected as an alternate delegate. Alternate delegates shall be entitled to act as delegates only in the event that a delegate from such alternate delegate's district is unable or fails to attend the Annual Convention of Delegates, and in the precedence of the number of votes received by each. (As amended on November 5, 2015)

(h) Delegates and alternate delegates must remain affiliated with an Eligible Voting Member at the time of any Convention of Delegates in order to be eligible to vote at that Convention of Delegates. (As adopted on November 5, 2015)

Section 3.9. Roll of Delegates.

(a) The Election Observers shall report the Roll of Delegates and Alternates to the Chief Executive Officer at least fifty (50) days before the Annual Convention of Delegates. The Chief Executive Officer shall send notice of election to those delegates and alternate delegates whose names appear on the Roll of Delegates and Alternates at least thirty (30) days before the date of the Annual Convention of Delegates. The notice shall designate the time and place of the Annual Convention of Delegates.

(b) The Election Observers shall deliver the Roll of Delegates and Alternate Delegates to the Convention of Delegates immediately upon its assembly, which shall approve or disapprove of such Roll of Delegates and Alternate Delegates.

(c) The Roll of Delegates and Alternate Delegates prepared by the Election Observers and approved by the Annual Convention of Delegates shall constitute the official roll of Delegates and Alternate Delegates until the next Annual Convention of Delegates.

Section 3.10. Quorum and Manner of Acting. Except as otherwise may be provided by law or by the Charter, one half of the delegates entitled to vote shall constitute a quorum. Every decision of a majority of the delegates constituting any such quorum shall be valid as a corporate act, except in those specific instances in which a larger vote is required by law, by the Charter or by these Bylaws. If, however, the quorum specified above should not be present at any meeting, but at least ten percent (10%) of the delegates entitled to vote are present, the delegates present and entitled to vote shall have power successively to adjourn the meeting and to act as a quorum for such limited purpose, without notice to any delegate other than announcement of the time and place at the meeting, to a specified date not longer than seventy (70) days after such originally scheduled date. At any subsequent session of the meeting at which a quorum is present, any business may be transacted that could have been transacted at the initial session of the meeting if a quorum had been present.

Section 3.11. Voting at the Annual Convention of Delegates; No Proxies or Cumulative Voting.

(a) Unless otherwise required by law, the Charter or these Bylaws, at all meetings of the Convention of Delegates, all matters shall be decided upon by a majority of the total number of votes cast at a meeting at which a quorum is present.

(b) Each delegate attending the Convention of Delegates shall have one vote upon all matters.

(c) There shall be no cumulative voting or voting by proxy.

Section 3.12. Order of Business. Unless otherwise determined by the presiding officer, the order of business at the Annual Convention of Delegates shall include and be as follows:

(a) Call to order.

(b) Report of Election Observers.

(c) Roll Call.

(d) Reading and approval of Minutes of preceding meeting.

(e) Report of Chief Executive Officer.

(f) Report of Treasurer.

(g) Election of a Director to fill each unexpired term to which an interim appointment was made by the Board of Directors.

(h) Election of a Director to fill each unexpired term that was not filled by an interim appointment made by the Board.

(i) Election of five Directors for terms of three years each.

(j) Other Reports.

(k) Unfinished Business.

(l) New Business.

(m) Election of President and Chairman of the Board.

(n) Election of Vice President and Vice Chairman of the Board.

(o) Adjournment.

Section 3.13. Presiding Official. Every Convention of Delegates, for whatever object, shall be convened and presided over by the President and Chairman of the Board.

Article IV

Directors

Section 4.1. Powers. All corporate powers shall be exercised by or under the authority of, and the affairs of the Association shall be managed under the direction of, the Board of Directors of the Association. The Board of Directors shall have and is vested with all and unlimited powers and authorities, except as it may be expressly limited by law, the Charter or these Bylaws, to direct the property, affairs and activities of the Association, to determine the policies of the Association, to adopt the rules of the Association, to do or cause to be done any and all lawful things for and on behalf of the Association, to exercise or cause to be exercised any or all of its powers, privileges or franchises, and to seek the effectuation of its objects and purposes; provided, however, that (a) the Board of Directors shall not authorize or permit the Association to engage in any activity not permitted to be transacted by the Charter or by a corporation organized under the Illinois General Not For Profit Corporation Act of 1986, as amended, (b) none of the powers of the Association shall be exercised to carry on activities, otherwise than as an insubstantial part of its activities, which are not in themselves in furtherance of the purposes of the Association, and (c) all income and property of the Association shall be applied exclusively for its nonprofit purposes.

The Association shall not, except to an insubstantial degree, conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501(c)(5) of the Internal Revenue Code of 1986, as amended, and its regulations as in effect currently or as may hereafter be amended. The Association shall not be operated for pecuniary profit and financial gain. The assets, net income and profit of the Association shall not inure to the benefit of or be distributed to or benefit its members, directors, officers or any private person, except that reasonable compensation may be paid to officers and employees of the Association and other persons in return for services or goods provided to the Association. In accordance with Section 501(c)(5) of the Internal Revenue Code of 1986, as amended, or its successor, the Association shall promote the common business interests of its members, but shall not engage in a regular business of a kind ordinarily carried on for profit except in an incidental manner, as provided by law.

Section 4.2. Number; Qualifications. The Board of Directors shall consist of fifteen (15) directors, of whom five (5) shall be elected annually. All directors shall be at all times either Active Life Members or Active Regular Members. In addition to the fifteen (15) directors so elected annually, the person who is elected to the office of Vice President and Vice Chairman of the Board shall, by virtue of such election, also be a director and a member of the Board so long as such person holds such office. (As amended November 12, 2007)

Section 4.3. Election and Terms of Office. Each director shall hold office until the term of office of such director's successor has commenced, or until such director's earlier death, incapacity, disqualification, resignation or removal. At each Annual Convention of Delegates, new directors shall be elected by the delegates to succeed those directors whose terms expire with such annual meeting. Each individual elected as a director shall serve until the third following annual Convention of Delegates and until the term of office of such director's successor has commenced, or until such director's earlier death, incapacity, disqualification, resignation or removal. No member of the Board of Directors shall be eligible for election as a director for more than two (2) full successive terms. However, a director completing the unexpired portion of the term of a former director shall not be deemed to have served a full elected term within the meaning of this Section 4.3.

Section 4.4. Commencement of Term of Office. The term of office of a person elected a director shall not commence until the time the person accepts the office of director either by a written acceptance or by participating in the affairs of the Association at a meeting of the Board of Directors or otherwise.

Section 4.5. Vacancies.

(a) Vacancies on the Board of Directors resulting from the death, resignation, removal, incapacity or disqualification of a director (including pursuant to Section 4.5(b)), or by reason of an increase in the number of directors or the failure of an elected director to accept the office of director, may be filled by a majority vote of the remaining members of the Board of Directors (even though the directors remaining in office constitute fewer than a quorum) at any annual meeting or at a special meeting called for that purpose. A director elected to fill a vacancy shall meet any qualifications set forth in these Bylaws, and shall serve for the unexpired term of such director's predecessor and until the term of office of such director's successor has commenced.

(b) If a director, during his term of office, shall become an inactive member, or shall fail to attend meetings, or otherwise fail to perform the duties of a director, the Board of Directors may, after appropriate notice to such director, remove such director from office and declare a vacancy.

Section 4.6. Resignation. Any director may resign from the Board of Directors by delivering a written notice thereof to the Board of Directors, its presiding officer, or to the Chief Executive Officer. Such resignation shall be effective when such notice is delivered, unless a later date is specified in the notice.

Section 4.7. Compensation; Expenses. No director shall receive compensation from the Association for any service such person may render to it as a director. When the directors or the Executive Committee meet in connection with Association business or Association-approved events, their reasonable expenses, as determined by the Board of Directors, incurred for such meetings shall be paid from the funds of the Association.

Section 4.8. Executive Committee. There shall be a standing committee of the Board known as the Executive Committee. The Executive Committee shall consist of at least three (3) but no more than five (5) directors, appointed by the Board of Directors. The President and Chairman of the Board and the Vice President and Vice Chairman of the Board shall also be voting members of the Committee and shall be counted for purposes of a quorum. The Chief Executive Officer shall be a non-voting member and shall not be counted for purpose of a quorum. In addition to its other duties specified in these Bylaws, the Executive Committee shall have the authority of the Board of Directors in the management of the Association during those periods when the Board is not in session. The Committee shall hold meetings at such times and places as may be deemed expedient for the transaction of business of the Association. Any action taken by the Executive Committee at such meeting shall be reported in writing to the Board of Directors at its next regularly scheduled meeting.

Section 4.9. Other Committees.

(a) The Board of Directors, by resolution adopted by a majority of the directors in office, may designate one or more other committees and shall have and exercise the authority of the Board in the management of the Association to the extent provided in the designating resolution. Other committees may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each such other committee shall have such duties and authority as are from time to time delegated to it by the Board of Directors. Each committee shall have two or more directors, a majority of its membership shall be directors of the Association, and all committee members shall serve at the pleasure of the Board.

(b) Committees of the Board of Directors, including the Executive Committee, and members of such committees are governed by Article IV with respect to meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements; provided, however, that no committee shall be required to hold an annual meeting and provided, further, that a majority of the number of persons serving on a committee immediately before a meeting begins "shall constitute a quorum for the transaction of business at such meeting of such committee.

(c) All committees so appointed shall, unless otherwise provided by the Board of Directors, keep regular minutes of the transactions of their meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the Association and shall report the same to the Board of Directors at or prior to its next meeting. The Chief Executive Officer or his or her designee may act as secretary of any such committee if the committee so requests.

(d) No committee of the Board may:

(i) adopt a plan for the distribution of the assets of the Association, or for dissolution;

(ii) approve or recommend to members or delegates any act required by law to be approved by members or delegates, except that committees involved in the process of the election, nomination, qualification, or credentials of directors may make recommendations to the delegates relating to electing directors;

(iii) fill vacancies on the Board or on any of its committees;

(iv) elect, appoint or remove any officer or director or member of any committee, or fix the compensation of any member of a committee;

(v) adopt, amend, or repeal the Charter or these Bylaws;

(vi) adopt a plan of merger or adopt a plan of consolidation with another corporation, or authorize the sale, lease, exchange or mortgage of all or substantially all of the property or assets of the Association; or

(vii) amend, alter, repeal or take action inconsistent with any resolution or action of the Board of Directors when the resolution or action of the Board of Directors provides by its terms that it shall not be amended, altered or repealed by action of a committee.

Article V

Meetings of the Board of Directors

Section 5.1. Annual Meetings of the Board. The newly elected members of the Board and those members of the Board who continue in office shall meet annually (a) immediately following the adjournment of the Annual Convention of Delegates, at the same location as such meeting, or at such other time and place, either within or without the State of Illinois, as shall be established at the Annual Convention of Delegates, and no notice of such Board meeting shall be necessary to any directors in order legally to constitute the meeting, provided a quorum shall be present, (b) if not so established or if a quorum shall not be present, the members of such Board may meet at such time and place as shall be consented to in writing by a majority of the directors, provided that notice of such meeting shall be given to each of the other directors in the same manner as provided in Section 5.4 with respect to the giving of notice of special meetings of the Board except that it shall not be necessary to state the purpose of the meeting in such notice, or (c) regardless of whether or not the time and place of such meeting shall be so established, the members of such Board may meet at such time and place as shall be consented to in writing by all of the directors. At the annual meeting of the Board of Directors, the directors shall each year elect the members of the Executive Committee, a Chief Executive Officer, such Assistant Secretaries and Assistant Treasurers and subordinate officers as the Board may deem necessary for the conduct of the affairs of the Association.

Section 5.2. Quarterly Meetings. In addition to the Annual Meeting, the Board of Directors shall hold quarterly meetings at such time and place as may be determined from time to time by resolution of the Board. Notice of a quarterly meeting need not be given. Any business may be transacted at a quarterly meeting. At the last quarterly meeting of the fiscal year, the Board of Directors shall elect a new Treasurer.

Section 5.3. Special Meetings. Special meetings of the Board of Directors may be called by the President and Chairman of the Board or by at least a majority of the directors to be held at any time and for any purpose or purposes. Special meetings shall be held at the principal office of the Association or at such place or places, within or without the State of Illinois, as the Board of Directors shall have determined.

Section 5.4. Notice of Meetings. Notice of each special meeting of the Board, stating the place, day and hour of the meeting and the purpose or purposes thereof, shall be provided to each director by the officer or directors calling the special meeting and shall be given and effective at least two (2) days before the day on which the meeting is to be held. "Notice" and "call" with respect to such meetings shall be deemed to be synonymous.

Section 5.5. Quorum. Unless otherwise required by law or provided elsewhere in these Bylaws, the presence of at least eight (8) of the directors in office immediately before a meeting begins shall be requisite for and shall constitute a quorum for the transaction of business at all meetings. The act of a majority of the directors present at a meeting at which a quorum is present shall be valid as the act of the Board of Directors except in those specific instances in which a larger vote may be required by law, by the Charter or by these Bylaws.

Section 5.6. Adjournment. If the quorum specified above should not be present at any such meeting, but at least one-third of the directors in office are present, the directors present shall have power successively to adjourn the meeting, and to act as a quorum for such limited purpose, without notice other than announcement at the meeting, to a specified date. At any such adjourned meeting at which a quorum shall be present any business may be transacted that could have been transacted at the original session of the meeting.

Section 5.7. Voting; No Proxies. Each director present at any meeting shall be entitled to cast one (1) vote on each matter coming before such meeting for decision. If the President and Chairman of the Board is not a member of the Board of Directors by election, he or she shall have a vote in the Board of Directors in case of a tie. No director may act by proxy on any matter.

Section 5.8. Meetings by Conference Telephone or Similar Communications Equipment. Members of the Board of Directors may participate in a meeting of the Board through the use of a conference telephone or interactive technology, including but not limited to electronic transmission, Internet usage, or remote communication, by means of which all persons participating in the meeting can communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Section 5.9. Action Without a Meeting. Any action that is required to be or may be taken at a meeting of the directors may be taken without a meeting if one or more written consents describing the action so taken are signed by all members of the Board. The consents shall have the same force and effect as a vote at a meeting duly held and may be described as such in any document. The Chief Executive Officer shall file such consents with the minutes of the meetings of the Board of Directors.

Article VI Officers

Section 6.1. General. The officers of the Association shall be a President and Chairman of the Board, a Vice President and Vice Chairman of the Board, a Chief Executive Officer, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers as the Board of Directors may elect. The President and Chairman of the Board and the Vice President and Vice Chairman of the Board shall be elected at each Annual Convention of Delegates. The President and Chairman of the Board and the Vice President and Vice Chairman of the Board must at all times be an Active Life Member or an Active Regular Member. The same person may simultaneously hold more than one office in the Association.

The officers, other than the President and Chairman of the Board and the Vice President and Vice Chairman of the Board, shall serve at the pleasure of the Board until the next annual meeting of the Board of Directors or until their earlier death, incapacity, disqualification, resignation or removal. At each subsequent annual meeting of the Board of Directors, the newly elected Board shall elect officers (other than the President and Chairman of the Board and the Vice President and Vice Chairman of the Board, who are elected by the delegates, and the Treasurer, who is elected at the last quarterly meeting of the Board of the fiscal year) to serve at the pleasure of the Board until the next annual meeting of the Board or until their earlier death, incapacity, disqualification, resignation or removal.

The election or appointment of an officer does not itself create any contract rights. (as amended Nov. 12, 2007.)

Section 6.2. Resignation. An officer may resign by delivering a written notice thereof to the President and Chairman of the Board or Chief Executive Officer. Such resignation shall be effective when such notice is delivered, unless a future effective date is specified in the notice.

Section 6.3. Removal. Any officer or any employee or agent of the Association may be removed or discharged for any lawful purpose by the Board of Directors at any time with or without cause, but such removal or discharge shall not affect the contract rights, if any, of the person so removed or discharged.

Section 6.4. Compensation. No officer who is also a member of the Board of Directors shall receive any salary or compensation for serving as a director. The President and Chairman of the Board and Vice President and Vice Chairman of the Board shall serve without compensation. The salary and compensation of the Chief Executive Officer shall be annually determined by the Board of Directors. The salary and compensation of all officers (other than the President and Chairman of the Board, the Vice President and Vice Chairman of the Board and the Chief Executive Officer) shall be annually determined by the Chief Executive Officer.

Each officer may be reimbursed for actual expenses if they are reasonable and incurred in connection with the business and activities of the Association.

Section 6.5. Vacancies.

(a) Vacancies caused by the death, incapacity, disqualification, resignation or removal of an officer of the Association, other than the President and Chairman of the Board and Vice President and Vice Chairman of the Board, shall be filled by the Board of Directors at any annual or other regular meeting or at any special meeting called for that purpose, and such person or persons so elected to fill any such vacancy shall serve at the pleasure of the Board until the next annual meeting of the Board or until such person's earlier death, incapacity, disqualification, resignation or removal.

(b) Vacancies caused by the death, incapacity, disqualification, resignation or removal of the President and Chairman of the Board and Vice President and Vice Chairman of the Board shall be filled by the Board of Directors at any annual or other regular meeting or at any special meeting called for that purpose, and such

person or persons so elected to fill such vacancy shall serve the remainder of such person's term or until such person's earlier death, incapacity, disqualification or resignation.

Section 6.6. President and Chairman of the Board. The President and Chairman of the Board shall preside at all meetings of the Convention of Delegates, the Board of Directors and the Executive Committee at which the President and Chairman of the Board may be present. The President and Chairman of the Board shall direct the affairs of the Association, report to the Annual Convention of Delegates, make such suggestions to the Membership of the Association as he or she may deem advisable, and shall have such general executive powers and duties of supervision and management as are usually vested in the office of the chairman of the board of a corporation. (As amended November 12, 2007)

Section 6.7. Vice President and Vice Chairman of the Board. In the event of the death or during the absence, incapacity, or inability or refusal to act of the President and Chairman of the Board, the Vice President and Vice Chairman of the Board shall be vested with all the powers and perform all the duties of the office of President and Chairman of the Board until the Board otherwise provides, including to preside at the Annual Convention of Delegates and meetings of the Board of Directors and the Executive Committee. (As amended November 12, 2007)

Section 6.8. Chief Executive Officer. The Chief Executive Officer shall act as the chief executive officer of the Association, subject to the authority of the Board of Directors, and shall be responsible for the day-to-day operations of the Association. The Chief Executive Officer shall (i) keep exact minutes of the meetings of the Convention of Delegates, the Board of Directors and the Executive Committee, (ii) receive and verify entries for insertion in the Herd Book, (iii) issue all Certificates of Membership and Registry, and keep a record of all such certificates issued, (iv) edit and prepare the Herd Book, (v) keep on file all documents constituting the authority for pedigrees and hold them subject to inspection of any Member of the Association, (vi) keep a record of all transfers of animals, (vii) issue all notices of meetings, (viii) hire, retain and dismiss employees of the Association and determine their salaries, and (ix) execute all orders of the Board of Directors or the Executive Committee concerning matters pertaining to his or her office. In the performance of his or her duties the Chief Executive Officer is authorized to expend such sums of money as the Board of Directors from time to time shall appropriate for carrying on the business of the Association, and shall keep an accurate account in detail of all moneys received and paid out by him or her. The Chief Executive Officer is prohibited from soliciting the nomination or election of any person as a delegate to the Annual Convention of Delegates. Unless acting at the specific direction of the Board of Directors, the Chief Executive Officer shall also be prohibited from seeking to influence by letter or otherwise the actions of delegates at any Convention of Delegates. (As amended November 12, 2007)

Section 6.9. Assistant Secretaries. In lieu of a secretary, the Association shall have one or more Assistant Secretaries, each of which shall perform the duties of the secretary of a corporation. At the request of the Chief Executive Officer or, in the absence or disability of the Chief Executive Officer, the Assistant Secretary designated by the President and Chairman of the Board (or, in the absence of such designation, the Assistant Secretary designated by the Board of Directors or the Executive Committee) shall perform all the duties of the Chief Executive Officer and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. The Assistant Secretaries shall have such other duties as may be from time to time assigned to them by the Board of Directors, the Executive Committee, the President and Chairman of the Board or the Chief Executive Officer.

Section 6.10. Treasurer. The Treasurer shall be the custodian of the funds and securities of the Association and shall deposit, invest, and disburse such funds as the Board of Directors may determine.

Section 6.11. Assistant Treasurers. At the request of the Treasurer or, in the absence or disability of the Treasurer, the Assistant Treasurer designated by the President and Chairman of the Board (or, in the absence of such designation, the Assistant Treasurer designated by the Board of Directors or the Executive Committee) shall perform all of the duties of the Treasurer and, when so acting, shall have all the powers of, and be subject to all of the restrictions upon, the Treasurer. The Assistant Treasurers shall have such other duties as may be from time to time assigned to them by the Board of Directors, the Executive Committee, the President and Chairman of the Board or the Treasurer.

Section 6.12. Subordinate Officers. Subordinate officers shall perform such duties and be responsible to such other officers as the Board of Directors shall designate.

Article VII

General Provisions

Section 7.1. Depositories and Checks. The moneys of the Association shall be deposited in such manner as the Treasurer shall direct in such banks or trust companies as the Treasurer may designate and shall be drawn out by checks signed in such manner as may be provided by resolution adopted by the Board of Directors.

Section 7.2. Debts. No member of the Association, as such, shall contract any debts in the name of the Association. No officer of the Association shall incur any liabilities in the name of the Association without the express authority of the Board of Directors, the Executive Committee or the Chief Executive Officer except in the ordinary course of business of the Association.

Section 7.3. Bonds. Any officer or employee handling money of the Association shall be insured or otherwise bonded at the Association's expense if the Board of Directors so requires.

Section 7.4. Custodian of Securities. The Board of Directors may from time to time appoint one or more banks, trust companies or investment advisors to act for reasonable compensation as custodian of all securities and other valuables owned by the Association, and to exercise in respect thereof such powers as may be conferred by resolution of the Board of Directors. The Board of Directors may remove any such custodian at any time.

Section 7.5. Annual Audit. An annual audit of the accounts of the Assistant Secretaries and Treasurer for the year ending September 30 next prior to the Annual Convention of Delegates shall be made by certified public accountants, and shall be reported to the Annual Convention of Delegates.

Section 7.6. Notice. Unless otherwise set forth in these Bylaws, any notice required or desired to be given under these Bylaws or otherwise to any director, member or delegate shall be given in writing or by any other means allowed by law, as amended, and shall be deemed given and effective at the earliest of the following

- (a) when received by the director or member being notified;
- (b) five (5) days after deposit in the United States mail, as evidenced by the postmark, if mailed correctly addressed and with first-class postage affixed; and
- (c) on the date shown on the return receipt, if sent by facsimile or electronic transmission.

Section 7.7. Fiscal Year. Until changed by the Board of Directors, the fiscal year of the Association shall end on September 30.

Article VIII

Discipline, Suspension or Expulsion

Section 8.1. Misconduct. The following acts by a member of the Association (for purposes of this Article VIII, a "Member"), or a holder of a Certificate of Registration issued by the Association (a "Holder"), shall constitute misconduct ("Misconduct") on the part of such Member or Holder, subjecting such a Member or Holder to the provisions of this Article VIII:

(a) Making any misrepresentation or perpetrating a fraud in connection with any rule, requirement or regulation of this Association, including the breeding, showing, registration, purchase or sale of Angus cattle or with respect to the submission of data or other information to the performance records programs or other types of programs that may be developed from time to time.

(b) Violating any other rule or regulation of the Association, as such rules and regulations are adopted and amended from time to time.

(c) Violating any Bylaw of the Association, as such Bylaws are adopted from time to time.

Section 8.2. Complaint Procedure.

(a) The following individuals or entities (a "Complainant") shall have the right to make a complaint to the Chief Executive Officer, with respect to any Member or Holder, alleging that such a Member or Holder has engaged in Misconduct:

(i) Any Active Life or Regular Member of the Association;

(ii) Any employee of the Association.

(b) A Complainant may only make a complaint against a Member or Holder by means of a written submission to the Chief Executive Officer of the Association.

(c) No complaint will be considered by the Chief Executive Officer, or by any other director or officer of the Association, which does not set forth a plain statement or allegation of facts therein upon which the allegation of Misconduct is based.

(d) If the Chief Executive Officer receives a written complaint, made pursuant to the requirements of this Article VIII, the Chief Executive Officer shall submit the written complaint to the Executive Committee for its consideration.

Section 8.3. Investigations of Misconduct.

(a) An investigation of any Misconduct shall be undertaken by the Executive Committee in the following situations:

(i) Where the Chief Executive Officer submits a written complaint to the Executive Committee, and the Executive Committee determines that the factual allegations made in the complaint, if assumed to be true, would constitute Misconduct under this Article VIII; or

(ii) Where the Executive Committee directs the initiation of an investigation of the possible Misconduct of any Member or Holder. In such an event, the Executive Committee shall make a written complaint consistent with the requirements for member complaints under this Article VIII.

(b) If an investigation into alleged Misconduct by a Member or Holder is undertaken by the Executive Committee pursuant to the provisions of this Article VIII, the investigation shall proceed as set forth below.

(c) The Executive Committee, for the purposes of conducting its investigation, may appoint any employees, agents, or attorneys of the Association, to conduct the investigation on behalf of the Executive Committee.

(d) The Executive Committee may request and receive both written or oral evidence from relevant individuals or entities, including the Member or Holder against whom the complaint has been made (“the Respondent”). Neither the federal rules of evidence, nor any rules of evidence promulgated by any state government, nor any other codified rules of evidence shall have any application to the investigation.

(e) The Executive Committee may require the Respondent to meet with any of the employees, agents or attorneys appointed by the Executive Committee, at a designated date, time and location, in order to respond to the written complaint made against the Respondent. The Respondent must be given ten (10) calendar days advance notice of the designated date, time and location. Such notice shall be deemed to have been timely given if sent via certified or registered mail, or by a nationally recognized courier service specifying overnight delivery, fourteen (14) calendar days in advance of the designated date.

(f) The Executive Committee may also require the Respondent to allow any of the employees, agents or attorneys appointed by the Executive Committee, to personally secure blood or DNA materials from relevant animals or to inspect and copy relevant records or information in the possession, custody or control of the Respondent, other members and holders or to do both.

(g) As an alternative or in addition to a physical appearance, the Executive Committee may require the Respondent to submit a written statement, or statements, to the Executive Committee at a designated date, time, and location, in order to respond to the written complaint made against the Respondent. The Respondent must be given fourteen (14) calendar days advance notice of the designated date, time and location. Such notice shall be deemed to have been timely given if sent via certified or registered mail, or by a nationally recognized courier service specifying overnight delivery, eighteen (18) days in advance of the designated date.

(h) If such notice is provided and the Respondent shall fail to make a physical appearance or provide a written statement or fail to permit the Executive Committee’s appointed representatives access, as may be required by the Executive Committee, at the designated date, time and location, the Executive Committee may suspend the membership privileges of such a Respondent, if a member, or may suspend the rights of the Respondent to transfer any Certificate of Registration held by him, if a Holder, until such time as the Respondent complies with the provisions of this Article VIII.

(i) At the conclusion of the investigation provided for under this Article VIII, the Executive Committee shall consider all of the evidence gathered during the investigation and make a determination as to whether to refer the complaint to the Board of Directors for its consideration, and for possible disciplinary action against the Respondent. If the Executive Committee determines to refer the complaint to the Board, the Executive Committee shall, correspondingly, forward to the Board all of the evidence gathered during the investigation conducted on behalf of the Executive Committee. The person or persons who conduct the investigation on behalf of the Executive Committee shall not participate in the deliberations of the Executive Committee regarding making a referral to the Board.

Section 8.4. A Hearing Before the Board of Directors.

(a) If the Executive Committee refers a complaint to the Board for its consideration, the Board, shall confer and designate a date, time and location for a hearing before the Board to consider the complaint. The Board shall have the right to prescribe the time to be set aside at such hearing for presentation of the referred matter and to apportion that time as it sees fit.

(b) A hearing before the Board to consider a complaint against the Respondent may proceed pursuant to the following rules and restrictions:

(c) The Respondent must be given at least twenty (20) calendar days advance notice of the designated date, time, and location for the hearing before the Board. Such notice shall include a photocopy of the written complaint made against the Respondent. Such notice shall be deemed to have been timely given if sent via certified or registered mail, or by a nationally recognized courier service specifying overnight delivery, twenty-

four (24) calendar days prior to the designated date. Further, the Respondent must be given photocopies of all of the written evidence gathered during the investigation by the Executive Committee's appointed representatives at least twenty (20) calendar days prior to the designated date and time for the hearing before the Board. Further, if the Association intends to offer the oral testimony of any witnesses at the hearing before the Board, the Association must give Respondent notice of the name of each such witness at least ten (10) calendar days prior to the designated date and time for the hearing before the Board. Notice shall be deemed to have been timely given if sent via certified or registered mail, or by a nationally recognized courier service specifying overnight delivery, fourteen (14) days in advance of the designated date.

(d) The hearing shall not be subject to either the rules or the formality associated with judicial proceedings. The proceedings shall, where practicable, be transcribed, and witnesses will be sworn and subject to cross-examination. The Board may consider any and all of the evidence acquired by the Executive Committee's appointed representatives during its investigation. Neither the federal rules of evidence, nor any rules of evidence promulgated by any state government, nor any other codified rules of evidence shall have any application, so as to require the inclusion or exclusion of any particular evidence at the hearing before the Board.

(e) The Board may receive and consider additional evidence to that acquired by the Executive Committee's appointed representatives during its investigation, whether written or oral. If the Board receives additional oral testimony, the Respondent shall have, at that time, the right to cross examine any witness providing additional oral testimony.

(f) The Respondent shall have the right to appear in person and to be represented by an attorney.

(g) Notwithstanding any other provision of this Article VIII, during any hearing before the Board under this Article VIII, if the Board shall receive any oral testimony from witnesses, the Respondent shall have at that time the right to cross-examine any such witness providing oral testimony.

(h) The appointed representatives who conduct the investigation on behalf of the Executive Committee, or any further investigation on behalf of the Board, shall not participate in the deliberations of the Board at the hearing.

(i) After considering all of the evidence forwarded to it by the Executive Committee, and any additional evidence presented during the hearing, the Board shall make a determination as to whether the alleged Misconduct occurred. If the Board determines that the Respondent has engaged in Misconduct, the Board may, by a vote of a majority of a quorum of the Board, discipline the Respondent, including but not limited to suspending, qualifying or restricting some or all of the membership privileges of any such Member for a time certain, suspending the rights of any such Holder to transfer any Certificate of Registration for a similar period or expelling any such Member from the Association, permanently or temporarily terminating such Member's membership privileges, permanently or temporarily terminating the rights of a Holder to transfer any Certificate of Registration held, canceling any registration of any animal owned by any such Member or Holder, or taking any other action the Board deems appropriate.

Section 8.5. Appeal to the Annual Convention of Delegates.

(a) If the Board of Directors suspends or expels the Respondent, the Respondent shall have the right to appeal that decision to the Association's delegates at the next succeeding Annual Convention of Delegates. The Respondent must exercise this right by providing written notice to the Board of the Respondent's intention to make such an appeal within ten (10) days of the decision of the Board to suspend or expel the Respondent. Such notice shall be deemed to have been timely given if sent via certified or registered mail, or by a nationally recognized courier service specifying overnight delivery, fourteen (14) days following the date of the Board's decision. If the suspended or expelled Member or Holder shall fail to give the required written notice to the

Board within the prescribed period of time, the Member or Holder shall have no right to make any appeal to the Annual Convention of Delegates.

(b) The Respondent's appeal to the Annual Convention of Delegates shall proceed in accordance with those rules and restrictions that may be established by the Board from time to time. After the Annual Convention of Delegates has heard from both the Respondent and the Association, in accordance with those rules and restrictions established by the Board, the delegates present at the Annual Convention of Delegates shall have the right to cast a vote, by secret ballot, as to whether to sustain the act of the Board in suspending or expelling the Respondent. If a majority of the delegates present and voting shall vote that the act of the Board in suspending or expelling the Respondent should be sustained, then any suspension of a Respondent shall continue until removed by the Board, and any Respondent ordered by the Board to be expelled from the Association shall be deemed so expelled from the Association. If a majority of the delegates present and voting shall not vote that the act of the Board in suspending or expelling the Respondent should be sustained, then the Respondent shall be deemed thereafter not to have engaged in the alleged Misconduct, any suspension then in place shall be ended and no further penalty shall be imposed on the Respondent with respect to the alleged Misconduct.

Article IX

Indemnification Policy of the American Angus Association

Section 9.1. Indemnification in Actions by Third Parties.

The Association shall indemnify each person who has been or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or appellate (other than an action by or in the right of the Association) by reason of the fact that such person is or was serving in an Indemnifiable Capacity hereinafter defined) against all liabilities and expenses, including, without limitation, judgments, amounts paid in settlement (provided that such settlements and all amounts paid in connection therewith are approved in advance by the Association in accordance with Section 9.4, which approval shall not be unreasonably withheld), attorneys' fees, ERISA excise taxes penalties, fines and other expenses actually and reasonably incurred by such person in connection with such action, suit or proceeding (including without limitation the investigation, defense, settlement or appeal of such action, suit or proceeding) if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful; provided, however, that the Association shall not be required to indemnify or advance expenses to any such person seeking indemnification or advancement of expenses in connection with an action, suit or proceeding initiated by such person unless the initiation of such action, suit or proceeding was authorized by the Board of Directors of the Association. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction, or under a plea of nolo contendere or its equivalent shall not of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, that such person had reasonable cause to believe that such person's conduct was unlawful.

Section 9.2. Indemnification in Derivative Action. The Association shall indemnify each person who has been or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that such person is or was serving in an Indemnifiable Capacity against amounts paid in settlement thereof (provided that such settlement and all amounts paid in connection therewith are approved in advance by the Association in accordance with Section 9.4, which approval shall not be unreasonably withheld) and all expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement

of such action, suit or proceeding (including without limitation the investigation, defense, settlement or appeal of such action, suit or proceeding) if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification under this Section 9.2 shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the Association unless and only to the extent that the court in which the action, suit or proceeding was brought determines upon application that, despite the adjudication of liability and in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 9.3. Indemnification for Success on the Merits or Otherwise. Notwithstanding the other provisions of this Article IX, to the extent that a person who is or was serving in an Indemnifiable Capacity has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 9.1 or 9.2 (including without limitation the dismissal of any such action, suit or proceeding without prejudice or the settlement of such action, suit or proceeding without admission of fault or liability), or in defense of any claim, issue or matter therein, such person shall be indemnified against amounts approved by the Association to be paid in settlement of any such action, suit or proceeding and against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith. For purposes of this Section 9.3, references to the "association" shall include, in addition to the resulting or surviving association, any constituent association (including any constituent of a constituent) absorbed in a consolidation or merger as well as the resulting or surviving association so that any person who is or was a director, officer or employee of such constituent association, or is or was serving at the request of such constituent association as a director, officer, or employee of any Other Enterprise, shall stand in the same position under the provisions of this Section 9.3 with respect to the resulting or surviving association as such person would have if such person had served the resulting or surviving association in the same capacity.

Section 9.4. Determination of Right to Indemnification. Prior to indemnifying a person pursuant to the provisions of Sections 9.1 or 9.2, unless ordered by a court and except as otherwise provided by Section 9.3, the Association shall determine that such indemnification is proper because such person has met the specified standard of conduct entitling such person to indemnification as set forth under Sections 9.1 or 9.2. Any determination that a person shall or shall not be indemnified under the provisions of Sections 9.1 or 9.2 shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding, or (ii) if such quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion or (iii) by the members of the Association (acting through delegates at a Convention of Delegates), and such determination shall be final and binding upon the Association; provided, however, that in the event such determination is adverse to the person to be indemnified hereunder, such person shall have the right to maintain an action in any court of competent jurisdiction against the Association to determine whether or not such person has met the requisite standard of conduct and is entitled to such indemnification hereunder. For the purposes of such court action, an adverse determination as to the eligibility of a person for indemnification made pursuant to any of clauses (i), (ii) or (iii) of this Section 9.4 shall not constitute a defense to such action nor create a presumption regarding such person's eligibility for indemnification hereunder. If such court action is successful and the person is determined to be entitled to such indemnification, such person shall be reimbursed by the Association for all fees and expenses (including attorneys' fees) actually and reasonably incurred in connection with any such action (including without limitation the investigation, defense, settlement or appeal of such action).

Section 9.5. Advancement of Expenses. Expenses (including attorneys' fees) actually and reasonably incurred by a person who may be entitled to indemnification hereunder in defending an action, suit or proceeding, whether civil, criminal, administrative, investigative or appellate, shall be paid by the Association in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that such person is entitled to indemnification by

the Association. Notwithstanding the foregoing, no advance shall be made by the Association if a determination is reasonably and promptly made by (i) the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding for which the advancement is requested, or (ii) if a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion or (iii) by the members of the Association (acting through delegates at a Convention of Delegates), that, based upon the facts known to the Board, counsel or delegates of the Association at the time such determination is made, such person acted in bad faith and in a manner that such person did not believe to be in or not opposed to the best interest of the Association, or, with respect to any criminal proceeding, that such person believed or had reasonable cause to believe such person's conduct was unlawful. In no event shall any advance be made in instances where the Board, delegates at a Convention of Delegates or independent legal counsel reasonably determines that such person deliberately breached such person's duty to the Association or its members.

Section 9.6. Non-Exclusivity. The indemnification and, to the extent permitted by the laws of the State of Illinois, the advancement of expenses provided by this Article IX shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any provision of law, under the Charter or these Bylaws or under any agreement, vote of members or delegates of the Association or disinterested directors, policy of insurance or otherwise, both as to action in their official capacity and as to action in another capacity while holding their respective offices, and shall not limit in any way any right which the Association may have to make additional indemnifications with respect to the same or different persons or classes of persons. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article IX shall continue as to a person who has ceased to be a director, officer or employee of the Association or has ceased to serve in an Indemnifiable Capacity and shall inure to the benefit of the heirs, executors, administrators and estate of such a person.

Section 9.7. Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Association, or is or was serving at the request of the Association as a director, officer or employee of any Other Enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this Article IX.

Section 9.8. Vesting of Rights. The rights granted or created hereby shall be vested in each person entitled to indemnification hereunder as a bargained-for, contractual condition of such person's serving or having served as in an Indemnifiable Capacity and while this Article IX may be amended or repealed, no such amendment or repeal shall release, terminate or adversely affect the rights of such person under this Article IX with respect to any act taken or the failure to take any act by such person prior to such amendment or repeal or with respect to any action, suit or proceeding with respect to such act or failure to act filed before or after such amendment or repeal.

Section 9.9. Definition of "the Association." For purposes of this Article IX, other than Section 9.3, references to "the Association" shall, if and only if the Board of Directors shall determine, include, in addition to the resulting or surviving association, any constituent association (including any constituent of a constituent) absorbed in a consolidation or merger, which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers or employees or persons serving at the request of such constituent association as a director, officer, or employee of any Other Enterprise, so that any person who is or was a director, officer or employee of such constituent association, or is or was serving at the request of such constituent association as a director, officer, or employee of any Other Enterprise, shall stand in the same position under the provisions of this Article IX with respect to the resulting or surviving association as such person would have with respect to such constituent association if its separate existence had continued.

Section 9.10. Certain Definitions. For purposes of this Article IX:

- (a) References to serving in an "Indemnifiable Capacity" shall mean service by a person as a director, officer or employee of the Association or service by a person at the Association's request as a director, officer or employee of any Other Enterprise (as hereinafter defined);
- (b) References to "Other Enterprises" or "Other Enterprise" shall include without limitation any other association, corporation, partnership, limited liability company, joint venture, trust or employee benefit plan;
- (c) References to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan;
- (d) References to "defense" shall include investigations of any threatened, pending or completed action, suit or proceeding as well as appeals thereof and shall also include any defensive assertion of a cross-claim or counter-claim;
- (e) References to "serving at the request of the Association" shall include any service as a director, officer or employee of an association which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants, or beneficiaries;
- (f) A person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Association";
- (g) Unless the Board of Directors of the Association shall determine otherwise, any director, officer or employee of the Association who shall serve as a director, officer, or employee of any Other Enterprise of which the Association, directly or indirectly, is a shareholder or creditor, or in which the Association is in any way interested, shall be presumed to be serving as such director, officer, or employee at the request of the Association; and
- (h) In all other instances where any person shall serve as a director, officer, or employee of any Other Enterprise, if it is not otherwise established that such person is or was serving as such director, officer, or employee at the request of the Association, the Board of Directors of the Association shall determine whether such person is or was serving at the request of the Association, and it shall not be necessary to show any actual or prior request for such service, which determination shall be final and binding on the Association and the person seeking indemnification.

Section 9.11. Severability. If any provision of this Article IX or the application of any such provision to any person or circumstance is held invalid, illegal or unenforceable for any reason whatsoever, the remaining provisions of this Article IX and the application of such provision to other persons or circumstances shall not be affected thereby and to the fullest extent possible the court finding such provision invalid, illegal or unenforceable shall modify and construe the provision so as to render it valid and enforceable as against all persons or entities and to give the maximum possible protection to persons subject to indemnification hereby within the bounds of validity, legality and enforceability. Without limiting the generality of the foregoing, if any officer or director of the Association or any person who is or was serving at the request of the Association as a director, officer, or employee of any Other Enterprise, is entitled under any provision of this Article IX to indemnification by the Association for some or a portion of the judgments, amounts paid in settlement, attorneys' fees, ERISA excise taxes or penalties, fines or other expenses actually and reasonably incurred by any such person in connection with any threatened, pending or completed action, suit or proceeding (including without limitation, the investigation, defense, settlement or appeal of such action, suit or proceeding), whether civil, criminal, administrative, investigative or appellate, but not, however, for all of the total amount thereof, the Association shall nevertheless indemnify such person for the portion thereof to which such person is entitled.

Article X

Amendment of Bylaws

The Bylaws of the Association may be amended by a majority vote of the delegates present at the Annual Convention of Delegates, or any adjournment thereof, or at any special meeting of the Convention of Delegates called for such purpose provided that the subject matter of any proposed Amendment shall have been submitted in writing by the Chief Executive Officer to the Delegates and Alternate Delegates at least thirty (30) days prior to the date of the meeting at which the proposed amendment is to be presented. The Bylaws may, however, be amended without prior notice to the Delegates and Alternate Delegates by a vote of three-fourths of the Delegates present at any Convention of Delegates. Amendments to the Bylaws shall go into effect at the adjournment of the meeting at which they are adopted.