

NOTICE to MEMBERS

The Members of the American Highland Cattle Association will be asked to approve certain amendments and changes to the Articles of Incorporation and the By-laws of the Association.

Set forth below, pursuant to the Articles of Incorporation and By-laws are the Amendments to these documents that you will be asked to approve. The motion to be approved at the annual meeting to be held June 20, 2009 is set forth below.

Members should read the Amended and Restated Articles of Incorporation and the Amended and Restated By-laws in their entirety. The Amended and Restated Articles of Incorporation and the Amended and Restated By-laws, as well as black lined copies of each, are posted on the Association's web site and are incorporated herein by reference. These documents may be found at www.highlandcattleusa.org.

Please direct any questions you may have to Ted Hall, Chair of the Governance Committee, or any member of the Board of Directors.

AMERICAN HIGHLAND CATTLE ASSOCIATION ACTIONS OF THE MEMBERSHIP June 20, 2009

The Members of the American Scotch Highland Breeder's Association ("Association"), commonly known as the American Highland Cattle Association hereby amend the Articles of Incorporation and the By-laws as set forth below.

Articles of Incorporation

Whereas, the Board of Directors of the Association determined at its annual strategic planning meeting on June 18, 2008 that certain changes to its Articles of Incorporation and By-laws were necessary in order to manage the Association; and,

Whereas, the changes considered by the Board and its Governance Committee were presented to the Association's Membership at its annual meeting on June 21, 2008, and the Membership concurred with the Board and directed it to pursue such amendments and to present said changes to the Membership at a future meeting.

And, Whereas, the Board of Directors of the Association approved the amendments to the Articles of Incorporation of the Association described herein, at its meeting held on January 22, 2009 and hereby recommends to the Membership of the Association, that said amendments be adopted, pursuant to a notice published in the Association's magazine, *The Bagpipe*.

Now therefore, the Board of Directors hereby recommends that the Articles of Incorporation be amended in order to reflect changes in the Association's manner of conducting business including a name change to reflect the name currently utilized by the Association, to increase the number of Board of Director positions, to clarify and strengthen membership and registry responsibilities, and to make cosmetic changes concerning primarily the breed description.

A summary of the Amendments and the reason for the amendments is set forth below.

1. Amend Article I, to change the name of the Association to the "American Highland Cattle Association," which is necessary to reflect the name under which the organization has operated for a number of years under an "assumed" name. The name of the Association shall also be changed in the title of the Amended Articles of Incorporation to reflect the new name of the Association.

In addition, the provision concerning the designation of the Association's principal place of business shall be changed to be a place designated by the Secretary, and not where the Secretary resides as is currently specified.

2. Amend the heading of Article II in order to clarifying the title of the Article in order to reflect that the article sets forth Association's objectives, as well as its powers.
3. Amend Article IV in order to increase the number of allowed Board positions from 9 positions to 21 and to specify that 9 positions shall be "at large" positions to be elected by the Membership of the Association, and in addition, to create an additional Board position for a representative from each of the Regional Associations affiliated with the Association (said representative to be elected by the membership said Regional Associations).
4. Amend Article V to include provisions which explicitly authorize the Board to establish from time to time, and to publish, written terms and conditions for membership in the Association, and to enforce same.
5. Amend Article VI to add provisions authorizing the Board to establish written rules and regulations concerning registration of "straight" or "pure bred" Highland Cattle, and such rules and regulations shall be published to the members of the Association and made available to the public on a regular basis, and to authorize the Board to create other registries as it may deem necessary or desirable in order to promote and protect Highland Cattle in the United States;
6. Amend Article VII to empower the Board Directors with the corporate powers of paying salaries and investing Association funds as directed by the Board of Directors, as authorized by South Dakota law.
7. Amend Article IX, to change the process of electing all officers of the Association, making it a board responsibility, a change from the current practice of election of officers by the Members of the Association; and the Amendment allows for the Secretary and Treasurer positions to be held by the same person if the Board so chooses; and the Amendment also authorizes the Board to elect any other officers it deems necessary in order to conduct the business of the Association and to fill openings as they may occur.
8. Amend all Articles by eliminating the word "Scotch" from the name of Highland Cattle, and to correct the grammar and wording, including the addition of the word "cattle" when needed, in any and all Articles resulting from the changes approved herein.
9. Add Article XII in order to provide indemnification protection for officers, directors, volunteers and members of the Association, as defined in the Amendment.

Therefore, the Board of Directors hereby recommends to the Membership of the Association that The Amended and Restated Articles of Incorporation set forth below be approved and adopted by the Membership at the next annual Membership meeting.

Amended and Restated ARTICLES OF INCORPORATION OF THE AMERICAN HIGHLAND CATTLE ASSOCIATION

As approved and recommended for adoption by the Board of Directors: January 22, 2009

ARTICLE I NAME OF ASSOCIATION AND PLACE OF BUSINESS

SECTION A. The name of this Corporation, which was formed under Chapter 40.16, South Dakota Code of 1939, is hereby known as the American Highland Cattle Association.

SECTION B. The principal place of business of this Corporation shall be designated by the Secretary.

ARTICLE II
OBJECTIVES AND POWERS

Said Association is organized for the purpose of the registration of purebred Highland cattle and for the purpose of maintaining records of the registration of such cattle, with powers, including but not limited to, as follows:

SECTION A. To issue memberships to any persons possessing the qualifications hereinafter prescribed; to preserve and publish pedigrees of Highland cattle registered by this Association; to investigate and report upon doubtful and suspected pedigrees; to advertise and promote interest in Highland cattle throughout the United States of America.

SECTION B. To acquire, lease, control and maintain property for the purpose of providing office facilities for the Association; to receive membership dues from applicants for membership, and to preserve and account for all funds so received, and to do all things necessary, suitable or proper for the accomplishment of any of the purposes herein enumerated.

ARTICLE III
LIFE OF CORPORATION

The life of this Corporation shall be perpetual.

ARTICLE IV
DIRECTORS

The corporation powers, business and affairs of this Corporation shall be exercised and managed by a Board consisting of at least nine (9) members.

ARTICLE V
MEMBERS

Membership in this Association shall be unlimited in number and shall consist of such classes of membership and with such membership fees as shall from time to time be determined by the Board of Directors. The Board of Directors shall publish, in writing, the terms and conditions of membership from time to time and shall enforce its policies so as to protect the Association and its members. The Board of Directors may decline or terminate membership to any person for reasons it considers appropriate for the welfare of the Corporation or the breed of Highland cattle.

ARTICLE VI
ANIMALS ELIGIBLE FOR REGISTRY

Purebred Highland cattle descended directly from animals registered by the Association may be eligible for registry in this Association, pursuant to rules and regulations adopted from time to time by the Board of Directors. Changes to such rules and regulations shall be provided in writing to all members and shall be made available to prospective Highland cattle owners. The Association may create additional registries as its Board of Directors deems appropriate, in order to promote Highland cattle within the United States.

ARTICLE VII
CORPORATE POWERS

This Corporation is a non-profit corporation and shall have the power to pay such salaries as its Board of Directors shall prescribe, and to invest any surplus funds in such manner as may from time to time be ordered by its Board of Directors, as allowed by the law of South Dakota.

ARTICLE VIII
BY-LAWS

The Corporation may adopt By-laws which may be amended by the Board of Directors, subject to approval at the next annual meeting of members, or by members either at such annual meeting or at a special meeting called for that purpose.

ARTICLE IX
OFFICERS

The principal officers of the Association shall be President, Vice President, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person if the Board of Directors so chooses. The officers of the Association shall be elected by the Board of Directors at their annual meeting or at such other times as may be required to fill openings that may occur. All principal officers must be members of the Association.

ARTICLE X
ANNUAL MEETING

The annual meeting of this Corporation shall be held at a time and place fixed by action of the Board of Directors and notice thereof shall be given to each member by the Secretary.

ARTICLE XI
EVIDENCE OF MEMBERSHIP

There shall be no corporate stock of this Corporation. A register of members shall be kept by the Secretary of the Corporation.

ARTICLE XII
INDEMNIFICATION

SECTION A. NONDERIVATIVE ACTIONS. Subject to all of the other provisions of this article, the Association shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the Association). Such indemnification shall apply to all persons described herein. Said persons covered include, but are not necessarily limited to: any person who was or is a director or officer of the Association or who was or is serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another foreign or domestic Association, partnership, joint venture, trust, or other enterprise, whether for profit or not for profit; or, all other non-director or non-officer volunteers serving the Association in any manner, subject to the conditions set forth in Section B below. Persons covered by this provision need not be a member of the Association in order to be indemnified if they were performing duties for or on behalf of the Association which led to the law suit, action, or proceeding for which indemnification is sought. Such person shall include employees as well. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was un-

was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or on a plea of nolo contendere or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association, or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

SECTION B. DERIVATIVE ACTIONS. Subject to all of the provisions of this article, the Association shall indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor because (a) the person was or is a director or officer of the Association, or (b) the person was or is serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another foreign or domestic Association, partnership, joint venture, trust, or other enterprise, whether or not for profit, or (c) was or is a volunteer of the Association and if all of the following are met:

- i.) The volunteer was acting or reasonably believed he or she was acting within his or her authority; and,
- ii.) The volunteer was acting in good faith; and,
- iii.) The volunteer's conduct was not an intentional tort; and,
- iv.) The volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed as provided in the laws of South Dakota.

The person shall be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement incurred by the person in connection with such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association. However, indemnification shall not be made for any claim, issue, or matter in which the person has been found liable to the Association unless and only to the extent that the court in which such action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses that the court considers proper.

SECTION C. EXPENSES OF SUCCESSFUL DEFENSE. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section A or Section B of this article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this article.

SECTION D. CONTRACT RIGHT: LIMITATION ON INDEMNITY. The right to indemnification conferred in this article shall be a contractual right and shall apply to services of a Director or officer as an employee or agent of the Association as well as in such person's capacity as a Director or Officer. Except as provided in section 3 of this Article, the Association shall have no obligations under this Article to indemnify any person in connection with any proceeding, or part thereof, initiated by such person without authorization by the Board of Directors.

SECTION E. DETERMINATION THAT INDEMNIFICATION IS PROPER. Any indemnification under Section A or Section B of this article (unless ordered by a court) shall be made by the Association only as authorized in the specific case. The Association must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section A or Section B herein, whichever is applicable. Such determination shall be made in any of the following ways:

- a.) By a majority of a quorum of the Board consisting of directors who were not parties to such action, suit, or proceeding;
- b.) If the quorum described in clause (a) above is not obtainable, then by a committee of directors who are not parties to the action. The committee shall consist of not less than two disinterested directors; or
- c.) By independent legal counsel in a written opinion.

SECTION F. PROPORTIONATE INDEMNITY. If a person is entitled to indemnification under Section A or Section B of this article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the Association shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

SECTION G. EXPENSE ADVANCE. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section A or Section B of this article may be paid by the Association in advance of the final disposition of the action, suit, or proceeding, on receipt of an undertaking by or on behalf of the person involved to repay the expenses, if it is ultimately determined that the person is not entitled to be indemnified by the Association. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but need not be secured.

SECTION H. NONEXCLUSIVITY OF RIGHTS. The indemnification or advancement of expenses provided under this article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the Association. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

SECTION I. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE ASSOCIATION. The Association may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Association to the fullest extent of the provisions of this article with respect to the indemnification and advancement of expenses of directors and officers of the Association.

SECTION J. FORMER DIRECTORS AND OFFICERS. The indemnification provided in this article continues for a person who has ceased to be a director and/or officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

SECTION K. INSURANCE. The Association may purchase and maintain insurance on behalf of any person who (a) was or is a director, officer, employee, volunteer, or agent of the Association, or (b) was or is serving at the request of the Association as a director, officer, employee, or agent of another Association, partnership, joint venture, trust, or other enterprise. Such insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have power to indemnify against such liability under this article or the laws of the State of South Dakota.

SECTION L. CHANGES IN LAW. If there are any changes in the statutory provisions applicable to the Association and relating to the subject matter of this article, then the indemnification to which any person shall be entitled shall be determined by such changed provisions, but only to the extent that any such change permits the Association to provide broader indemnification rights than such provisions permitted the Association to provide before any such change.

By-laws

Whereas, the Board approved and recommends certain changes to the By-laws of the Association, some Amendments are necessitated by the changes to the Articles of Incorporation such as the expansion of the Board and the creation of Classes of Board members, thus maintaining continuity on the Board while assuring that new Board Members are nominated and elected. Other changes were made to clarify roles and the responsibilities of the Officers and/or the Directors, such as refining the nominating procedures. Provisions for telephonic and other forms of meetings were added, and the procedures for amending the By-laws were clarified. And, in addition, indemnification provisions were added in order to protect the Directors, Officers, Members, and volunteers involved with Association activity.

The Amended and Restated By-laws are set forth as follows:

AMERICAN HIGHLAND CATTLE ASSOCIATION
AMENDED AND RESTATED BY-LAWS

As approved and recommended for adoption by the Board of Directors: January 22, 2009

ARTICLE I
MEMBERSHIP

SECTION 1. Name. The By-laws are adopted for the American Highland Cattle Association, (formerly known as the “American Scotch Highland Breeders Association”), a South Dakota corporation.

SECTION 2. Members. Membership in this Association shall be unlimited in number and shall consist of such classes of membership and with such membership fees as shall from time to time be determined by the Board of Directors. The Board of Directors may provide for non-transferable life memberships and classes of voting and non-voting memberships, as the Board deems appropriate. Voting members must own or have owned cattle registered by the Association. The Board of Directors shall publish, in writing, the terms and conditions of membership (by class) from time to time and shall enforce its policies so as to protect the Association and its members. Members shall be those who adhere to the purposes of the Association. The Board of Directors may decline or terminate membership to any person for reasons it considers appropriate for the welfare of the corporation or the breed of Highland cattle.

ARTICLE II
RIGHTS AND LIABILITIES OF DIRECTORS

SECTION 1. Property Interest of Directors. No director of the Association shall have any right, title or interest in or to any property or assets of the Association either prior to or at the time of any liquidation or dissolution of the Association, all of which properties and assets shall at the time of any liquidation or dissolution vest in the 501(c) 3 Highland Cattle Foundation.

SECTION 2. Non-Liabilities of Debts. The private property of the directors shall be exempt from execution or other liability for any debts of the Association, and no director shall be liable or responsible for any debts or liabilities of the Association and are indemnified for certain actions as set forth in Article XII herein.

ARTICLE III
BOARD OF DIRECTORS

SECTION 1. General Powers. The business and affairs of the Association shall be managed by a Board of nine (9) elected at large directors plus one regional director selected by each affiliated regional association sanctioned by the national Association. The maximum number of directors shall be twenty-one (21). All directors must be members in good standing of the Association.

SECTION 2. At Large Directors. There shall be three classes of at large directors, of equal or nearly equal size, and the classes shall be known as Class I, Class II, and Class III Directors. Three of the nine at large directors referred to above shall be elected each year at the annual meeting, terms to run for three years until election of their successors. After serving two consecutive elected terms a director shall not be eligible for re-election for one year, save as hereinafter provided.

SECTION 3. Nomination of Candidates. Candidates for directors at large shall be nominated by a Nominations Committee. The Nominations Committee shall be appointed by the Board of Directors upon recommendation of the Governance Committee or upon its own motion, and shall consist of at least three board members and up to three other active members in the Association. All nominations shall be of persons that are willing to serve the Association; whom will represent the Association, its members and the Highland cattle breed with integrity; and whom will adhere to the purposes of the Association consistent with these By-laws. In each fall and winter issue of *The Bagpipe*, a nomination form shall be included so members at large may nominate a candidate(s) for the Board of Directors at large for consideration by the Nominations Committee. These nominations must be received by the Association prior to January 31st of the current election year. Nominees for director at large must be active members of the Association and willing to serve for at least three (3) years. The nominees shall be contacted and interviewed by the Nominations Committee and the Nominations Committee shall be given written acceptance by all candidates of their willingness to serve. The Nominations Committee shall put forward at least two names for each open position if possible. The candidates with the highest number of votes will fill the open positions.

SECTION 4. Vacancies. Vacancies among at large directors occurring between regular annual elections may be filled by appointment by a majority of the other directors. The successor at large director shall complete the term of the position vacated. Vacancies among regional directors shall be filled by the region in which the vacancy occurs.

SECTION 5. Regional Directors. The regional associations affiliated with AHCA shall have the right to nominate and elect a director from its membership to serve on the Board of the Association. A regional director must be a member in good standing of this Association. The term of a regional director shall be for three years. After serving two consecutive three-year terms, a regional director shall not be eligible for re-election for one year. The regional association shall advise the Association in writing, by way of a certified copy of the regional association’s membership minutes, of its elected representative who shall become a regional director.

SECTION 6. Removal of Directors. Any director may be removed with cause by the unanimous consent of the remaining board members. If any director, at large or regional, be absent from more than two successive regularly scheduled meetings of the Board, said absence not being excused by a majority of the other directors, the remaining directors may declare his or her position vacant. In the event a director is absent from three consecutive (regular or special) meetings, or three out of four meetings (regular or special) this shall cause the automatic removal of the director.

SECTION 7. Quorum. A majority of directors shall constitute a quorum. The act of a majority of the directors present at the meeting, at which a quorum is present, shall be the act of the Board, unless a greater number is required by law or these By-laws. However, the directors may act without a meeting if the action is approved in writing, by facsimile, or by authenticated electronic signature.

SECTION 8. Meeting Participation. Any member of the AHCA who is not a director may attend board meetings. The Board may invite any persons who are not directors to attend board meetings, with voice but without vote.

SECTION 9. Directors Emeritus. Upon recommendation by the Nominations Committee, or upon its own motion, the Board of Directors may elect one or more Directors-Emeritus of the Association, with the right to attend all regular and special meetings of the Board of Directors, or any committee of the Board of Directors. Said Director(s) Emeritus shall have no power to make motions or to vote, and shall not be counted as a director for purposes of quorum, and shall not be required to be provided notices of any meeting.

SECTION 10. Compensation. Directors of the Association shall receive no compensation but may be reimbursed for expenses, as approved by a majority of the disinterested members of the Board of Directors from time to time.

ARTICLE IV
ANNUAL MEETING OF MEMBERS

SECTION 1. Regular Annual Meeting. The Secretary shall give at least thirty days written notice of the time, date and location of the regular annual meeting of members, which meeting shall be held once in each fiscal year, as determined by the President, in conjunction with the annual convention whenever possible. The fiscal year shall be June 1st to May 31st. A quorum shall consist of all members present. The members shall elect the at large directors, and may fill any unfilled vacancies among the at large directors on the Board, pass upon reports of the previous fiscal year, and transact such other business as may come before them.

SECTION 2. Special Meetings. Special meetings of members may be called by the President or by a majority of the Board of Directors, on at least 30 days written notice by the Secretary. The notice shall specify the time, date and place of meeting, and the purpose thereof and be sent to all members. No business shall be transacted at such special meetings save that specified in the notice. A quorum shall consist of those voting members present.

SECTION 3. Order of Business. The order of business at any regular membership meeting and so far as possible at all other meetings shall be as follows:

- a.) Calling to order and proof of quorum;
- b.) Proof of Notice of Meeting;
- c.) Reading and action on any unapproved minutes;
- d.) Reports of officers and committees;
- e.) Unfinished business;
- f.) Acknowledgment of regional directors and election of at large directors;
- g.) New business; and
- h.) Adjournment.

ARTICLE V MEETINGS OF DIRECTORS

SECTION 1. Regular Annual Meeting. A regular annual meeting of directors shall be held within 48 hours of the regular annual meeting of members each year. The Board shall elect officers including: President, Vice President, Secretary, and Treasurer, and such other officers as the Board of Directors deems necessary, at this annual meeting. Notice shall be given to the members of the officers elected, as soon as is practicable.

SECTION 2. Regular Board Meetings. The Board of Directors may provide by resolution the time and place for holding additional regular meetings of the Board without other notice than the resolution, provided that there be at least three such additional regular meetings of the Board between the regular annual meetings of the Board. The Secretary shall notify the directors of the time and place of said meetings.

SECTION 3. Special Meetings. Special meetings of the Board may be called by action of any three (3) members of the Board, or by the President. The Secretary shall give at least 30 days written notice of special meetings of the Board, unless this period is shortened by unanimous written consent of all board members. Notices here and elsewhere, as to both members and directors, shall be deemed given when deposited in the United States mail addressed to the member or director at the last address shown on the records of the Association. Any director may waive notice of any meeting, in writing. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at a special meeting need not be specified in the Notice or the Waiver of Notice, unless otherwise required by law, or elsewhere in these By-laws. Amending of these By-laws and the Articles of Incorporation shall require specific notice of all proposed changes and actions to be taken.

SECTION 4. Quorum. A majority of the members of the Board shall constitute a quorum, provided that if less than a majority of the directors become present at said meeting, a majority of the directors present may adjourn the meeting from time to time. The Secretary shall notify any absent director and the Board of the time and place of such adjourned meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

SECTION 5. Meetings by Telephone, Videoconference or Other Electronic Means. Directors may participate in Board or committee meetings, if the meeting is designated as a teleconference meeting by the President or the appropriate committee chair at the time the meeting is called, by conference telephone, videoconferencing, or other similar communications equipment, through which all persons participating in the meeting can hear each other at the same time. Participation in a meeting pursuant to this section constitutes presence in person at the meeting and such persons shall be counted for quorum purposes. Any form of participation in a meeting allowed by South Dakota law, now or in the future, shall be allowed by these By-laws.

SECTION 6. Consent Actions. Any action required or permitted to be taken pursuant to authorization of the Board may be taken without a meeting if, before or after the action, all directors consent to the action in writing. Written consents shall be filed with the minutes of the Board's proceeding.

SECTION 7. Committees. There shall be standing committees of the Board of Directors as follows: Finance & Audit; Show; Governance; and Breed Promotion & Protection. The Board of Directors may establish, from time to time, such other committees as it sees fit for a duration it deems appropriate. The President shall appoint a chairman of each committee. Said chairperson shall report to the Board with respect to the subject matters of his or her committee. The chairperson and members of each committee shall establish their own meeting schedules.

SECTION 8. Executive Committee. The Executive Committee shall consist of the current President, Vice President, and the chair of the Finance & Audit Committee, as established by the Board from time to time. All members shall serve during the term of the current President and all shall be voting members of the committee. Any actions taken by the Executive Committee shall be reported to the Board as a whole at the next regular meeting or special meeting. The Executive Committee may only commit the Association to expenditure of \$5,000.00 or less without Board approval, unless such expenditure was previously acted upon by the Board. The Executive Committee shall not be able to change or impose rules and regulations or make changes to the approved budgets or the By-laws. The Executive Committee may also deal with those tasks assigned by the Board and handle personnel matters on an ongoing basis, subject to review of the Board.

ARTICLE VI OFFICERS

SECTION 1. The principal officers of the Association shall be President, Vice President, Secretary, Treasurer, and such other officers as the Board may from time to time direct. The Secretary and Treasurer may be the same person. The President, Vice President, Secretary, and Treasurer shall be members of the Board.

SECTION 2. Nomination of Candidates. Candidates for directors at large shall be nominated by a Nominations Committee, the Governance Committee, or any member of the Board. The Nominations Committee shall be appointed by the Board of Directors upon recommendation of the Governance Committee or upon its own motion, and shall consist of at least three board members and up to three other active members in the Association. All nominations shall be of persons that are willing to serve the Association; whom will represent the Association, its members and the Highland cattle breed with integrity; and whom will adhere to the purposes of the Association consistent with these By-laws. In each fall and winter issue of *The Bagpipe*, a nomination form shall be included so members at large may nominate a candidate(s) for the Board of Directors at large for consideration by the Nominations Committee. These nominations must be received by the Association prior to January 31st of the current election year. Nominees for director at large must be active members of the Association and willing to serve for at least three (3) years. The nominees shall be contacted and interviewed by the Nominations Committee and the Nominations Committee shall be given written acceptance by all candidates of their willingness to serve. The Nominations Committee shall put forward at least two names for each open position if possible. The candidates with the highest number of votes will fill the open positions.

SECTION 3. Election and Terms. The President, Vice President, Secretary, and Treasurer shall be elected at the regular annual meeting of the Board of Directors. The President and Vice President may each serve a single two-year term until their successors are elected. The Secretary and Treasurer shall be elected by the Board for a term of two years. The Secretary and Treasurer may serve up to three terms or as long as they are eligible to be on the Board, whichever amount of time is shorter. Assistant Secretaries, Assistant Treasurers, and other officers the Board may elect from time to time may serve at the pleasure of the Board of Directors, without limit of terms. In the event of any vacancy that may occur by reason of expiration of term, death, incapacity, removal or resignation, the vacancy shall be filled by the vote of

limit of terms. In the event of any vacancy that may occur by reason of expiration of term, death, incapacity, removal or resignation, the vacancy shall be filled by the vote of a majority of the Board. Any and all officers of the Association may be removed by the majority vote of the Board.

SECTION 4. President. The President shall be a member of the Board and shall:

- a.) be the principal executive officer of the Association and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members of the Board;
- b.) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed;
- c.) perform, all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time; and
- d.) cast a vote only to break ties and may not make or move motions.

SECTION 5. Vice President. The Vice President shall be a member of the Board and shall perform the duties of the President in the absence of the President from the country or from any meeting of the Association or Board of Directors, or in case of the inability of the President to act for any reason whatsoever, until such absence or inability to act has terminated.

SECTION 6. Secretary. The Secretary shall be a member of the Board and shall:

- a.) perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him or her by the Board; and
- b.) act as Secretary when there are statutory or other matters of legal procedure that require the action of an elected Secretary.

SECTION 7. Treasurer. The Treasurer shall be a member of the Board and shall:

- a.) have charge and keep custody of and be responsible for any disbursement from the money market or security funds of the Association;
- b.) review all receipts and issuances of receipts for all moneys due and payable to the Association from whatever source, and for prompt deposit of all such moneys in the name of the Association in such bank or banks as shall be selected in accordance with these By-laws;
- c.) review monthly income and expense reports and bank reconciliation reports as forwarded by the Operations Manager on a monthly basis and transfer money between accounts;
- d.) assist independent auditors in conducting their audit or review of the Association's books and records;
- e.) present a Treasurer's Report at the annual convention, board meetings, in the Association publication and any other venue that may be appropriate; and f.) perform all the duties incidental to the office of Treasurer and such other duties as may be assigned from time to time by the Board.

SECTION 8. Operations Manager. An Operations Manager may be appointed and/or be hired by the Board of Directors to serve at the pleasure of the Board. He or she shall receive such compensation, as the Board of Directors shall from time to time determine. The Board may increase, decrease, reassign or otherwise delegate the duties provided under this section, as it deems necessary.

A. The Operations Manager shall hold the position of Assistant Secretary and shall assist the Secretary of the Association in the performance of the following duties:

- i.) take and maintain the minutes of meetings of Association members and of the Board in one or more books provided for that purpose;
- ii.) see that all notices are duly given in accordance with these By-laws or as required by law;
- iii.) be custodian of the Association records and of the seal of the Association and affix the seal of the Association to documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-laws;
- iv.) keep a register of the names and addresses of all members; and
- v.) keep on file at all times a complete copy of the Articles of Incorporation and By-laws of the Association containing all amendments thereto which copy shall always be open to the inspection of any director or member and at the expense of the Association forward a copy of the By-laws and of all amendments thereto to each director or member;

B. The Operations Manager shall also hold the position of Assistant Treasurer and shall assist the Treasurer of the Association in the performance of the following duties:

- i.) have charge and custody of and be responsible for all funds and securities of the Association;
- ii.) be responsible for the receipt of and issuance of receipts for all moneys due and payable to the Association from whatever source, and for prompt deposit of all such moneys in the name of the Association in such bank or banks as shall be selected in accordance with these By-laws;
- iii.) be responsible for all disbursements of the Association consistent with budgets adopted by the Board from appropriate accounts;
- iv.) assist independent auditors in conducting their audit or review of the books provided for that purpose;
- v.) may have charge of the property of the Association, and in the performance of his or her duties but shall at all times be responsible to the President and Board of Directors;
- vi.) may see that the property and liabilities of the Association are fully protected by insurance, the amount thereof to be approved by the Board of Directors;
- vii.) shall deposit or cause to be deposited the Association's funds and securities with such depositories and custodians as the Board of Directors may from time to time designate;
- viii.) shall be responsible for the receipt and recording of all funds, pay duly authorized bills, make financial reports at meetings of the Association; and
- ix.) may give a surety bond, written by a corporate surety approved by the Board of Directors, for the faithful performance of his or her duties, the expense of which bond shall be borne by the Association.

C. The Operations Manager shall maintain the Association's breed registry and shall:

- i.) issue or cause to be issued all certificates of registration, transfers, gain certification, F-1 certificate of registration, certificate of pedigree, embryo transplant registration, AI certificate of registration or other certifications which may be required by the rules and regulations from time to time adopted by the Board; and
- ii.) perform such other duties as may from time to time be assigned to maintain the accuracy and integrity of the breed registry and shall at all times be responsible to the President and Board of Directors.

SECTION 9. Assistant Operations Manager. An Assistant Operations Manager may be appointed by the Board of Directors to serve at the pleasure of the Board. In the event of inability of the Operations Manager to serve for any reason, such Assistant Operations Manager may perform all the duties of the Operations Manager for such period of inability to serve of the Manager and, in addition thereto, such Assistant Operations Manager shall perform such other duties as may from time to time be assigned by the Operations Manager or by the Board. He or she shall receive such compensation, as the Board of Directors shall from time to time determine.

SECTION 10. Bonds. The Board may require any agent of the Association to give bond in such sum and with such surety, as it shall determine.

SECTION 11. Compensation. When authorized by the Board, a person shall be reasonably compensated for services rendered to the Association as an officer, director, employee, or independent contractor, except where otherwise prohibited by these By-laws. Officers and directors may be reimbursed for their reasonable out of pocket expenses. The Association shall follow its conflict of interest policy, consistent with Internal Revenue Service regulations, when determining such compensation or reimbursement.

ARTICLE VII NON-PROFIT OPERATION

The Association shall at all times be operated on a not-for-profit basis, and no interest or dividends shall be paid or payable by the Association to any director as such and shall be operated for the purposes for which said association was created.

ARTICLE VIII FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these By-laws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Association shall be signed by such officers, agent or agents, employee or employees of the Association and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such financial institution or institutions as the Treasurer may select subject to the Board's approval.

SECTION 4. Fiscal Year. The fiscal year of the Association shall begin on the first day of June of each and every such year and shall end on the last day of May of each and every year except as otherwise provided by resolution of the Board.

ARTICLE IX MISCELLANEOUS

SECTION 1. Waiver of Notice. Any director may waive in writing any notice of a meeting required to be given by these By-laws. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting by such director except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 2. Rules and Regulations. The Board shall have power to make and adopt such rules and regulations not inconsistent with law, the Articles of Incorporation or these By-laws, as it may deem advisable for the management of the business and affairs of the Association. The Board of Directors shall adopt and publish from time to time, rules and criteria concerning membership in the Association, including membership fees. In addition, it shall adopt and publish from time to time, rules and regulations concerning the registration of Highland cattle and fees to be charged for such registration. The Board shall also adopt any and all policies and procedures as may be required by the laws and/or regulations of any state or the United States government, to which the Association is subject.

ARTICLE X VOTING BY MAIL

Absentee ballots may be used by members choosing not to attend the annual meeting or special meetings of the membership. Such ballots are for the purpose of expressing the member's preferences on candidates for the Board of Directors, for changes to the Articles of Incorporation, changes to the By-laws and for other issues set forth in writing and provided to the membership in advance of the meeting pursuant to the notice requirements for said meeting, set forth herein. Absentee ballots may not be given for unspecified business or actions that come before the membership. Absentee ballots will be counted along with the ballots of those in attendance. Absentee ballots must be postmarked no later than the Friday two weeks prior to the start of the week in which the meeting or election is held. Ballots will be opened and counted the day of the annual or special meeting with the ballots cast at the election.

ARTICLE XI AMENDMENTS

These By-laws may be amended by two thirds of the directors at any regular or special meeting of Directors, if written notice of no less than 30 days is provided of such meeting, and shall have contained a copy of the proposed amendment and the rationale for the amendment. Only the members of the Association may amend the By-laws in any way that would vary the terms or method of selection of directors. Furthermore, Articles I and VII may only be amended by a vote of two thirds of the vote of members of the Association.

ARTICLE XII INDEMNIFICATION

SECTION 1. Non-derivative Actions. Subject to all of the other provisions of this article, the Association shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the Association). Such indemnification shall apply to all persons described in the indemnification provisions set forth in the Articles of Incorporation of the Association. Said persons covered include, but are not necessarily limited to: any person who was or is a director or officer of the Association or who was or is serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another foreign or domestic Association, partnership, joint venture, trust, or other enterprise, whether for profit or not for profit; or, all other non-director or non-officer volunteers serving the Association, subject to the conditions set forth in Section 2 below. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction or on a plea of nolo contendere or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association, or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

SECTION 2. Derivative Actions. Subject to all of the provisions of this article, the Association shall indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor because (a) the person was or is a director or officer of the Association, or (b) the person was or is serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another foreign or domestic Association, partnership, joint venture, trust, or other enterprise, whether or not for profit, or (c) was or is a volunteer of the Association and if all of the following are met:

a.) The volunteer was acting or reasonably believed he or she was acting within his or her authority; and,

- b.) The volunteer was acting in good faith; and,
- c.) The volunteer's conduct was not an intentional tort; and,
- d.) The volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed as provided in laws of South Dakota.

The person shall be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement incurred by the person in connection with such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association. However, indemnification shall not be made for any claim, issue, or matter in which the person has been found liable to the Association unless and only to the extent that the court in which such action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses that the court considers proper.

SECTION 3. Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 1 or Section 2 of this article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this article.

SECTION 4. Contract Right: Limitation on Indemnity. The right to indemnification conferred in this article shall be a contractual right and shall apply to services of a director or officer as an employee or agent of the Association as well as in such person's capacity as a director or officer. Except as provided in Section 3 of this article, the Association shall have no obligations under this article to indemnify any person in connection with any proceeding, or part thereof, initiated by such person without authorization by the Board of Directors.

SECTION 5. Determination that Indemnification is Proper. Any indemnification under Sections 1 or 2 of this article (unless ordered by a court) shall be made by the Association only as authorized in the specific case. The Association must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 1 or Section 2 herein, whichever is applicable. Such determination shall be made in any of the following ways:

- a.) by a majority of a quorum of the Board consisting of Directors who were not parties to such action, suit, or proceeding;
- b.) if the quorum described in clause (a) above is not obtainable, then by a committee of directors who are not parties to the action, the committee shall consist of not less than two disinterested Directors; or
- c.) by independent legal counsel in a written opinion.

SECTION 6. Proportionate Indemnity. If a person is entitled to indemnification under Section 1 or Section 2 of this article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the Association shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

SECTION 7. Expense Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section 1 or Section 2 of this article may be paid by the Association in advance of the final disposition of the action, suit, or proceeding, on receipt of an undertaking by or on behalf of the person involved to repay the expenses, if it is ultimately determined that the person is not entitled to be indemnified by the Association. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but need not be secured.

SECTION 8. Non-exclusivity of Rights. The indemnification or advancement of expenses provided under this article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the Association. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

SECTION 9. Indemnification of Employees and Agents of the Association. The Association may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Association to the fullest extent of the provisions of this article with respect to the indemnification and advancement of expenses of directors and officers of the Association.

SECTION 10. Former Directors and Officers. The indemnification provided in this article continues for a person who has ceased to be a director and/or officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

SECTION 11. Insurance. The Association may purchase and maintain insurance on behalf of any person who (a) was or is a director, officer, employee, or agent of the Association, or (b) was or is serving at the request of the Association as a director, officer, employee, or agent of another Association, partnership, joint venture, trust, or other enterprise. Such insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have power to indemnify against such liability under this article or the laws of the State of South Dakota.

SECTION 12. Changes in Law. If there are any changes in the statutory provisions applicable to the Association and relating to the subject matter of this article, then the indemnification to which any person shall be entitled shall be determined by such changed provisions, but only to the extent that any such change permits the Association to provide broader indemnification rights than such provisions permitted the Association to provide before any such change.

Therefore, as a Member of the Association, I hereby approve the following:

- i. Amendments to the Articles of Incorporation as described herein; and,**
- ii. Amended and Restated Articles of Incorporation as set forth above; and,**
- iii. Officers and Directors of the Association be authorized to record with the State of South Dakota the Restated Articles of Incorporation of the Articles as they existed prior to these changes, to file all amendments approved herein, and to file Restated Articles of Incorporation which reflect the Amendments approved herein; and**
- iv. Amended and Restated By-laws as set forth above.**

Date: _____

By: _____