

BEEFMASTER BREEDERS UNITED

BY-LAWS

PREAMBLE

Beefmaster Breeders United ("BBU"), formerly Beefmaster Breeders Universal, is a non-profit corporation, incorporated June 19, 1961 in Bexar County, Texas, with all the rights and privileges conferred upon non-profit corporations by the laws of the State of Texas.

We, the members of Beefmaster Breeders United, do hereby associate ourselves for the following purposes: to continue the improvement of Beefmaster cattle throughout the world; to use as a standard for this continued improvement, the six essential characteristics upon which the breed has been developed: Disposition, Fertility, Weight, Conformation, Hardiness and Milk Production; to ascertain, preserve and disseminate all useful information and facts contributing to the desirable qualities and distinguishing characteristics of the breed, and for promoting and servicing the best interest of the breeders and owners of Beefmaster cattle as well as the general public to, as near as possible, ensure the Beefmaster breed their rightful place in the cattle industry.

I. MEMBERSHIPS

1. BBU shall have charter, lifetime, active, associate, junior and honorary members. The rights, privileges, duties, benefits and classification of members shall be governed by the following provisions.

2. Charter members are those current members who: a) joined between the 21st day of July, 1961, and the 21st day of August, 1961, under the provisions of the By-Laws adopted on the 21st day of July, 1961, or b) were lifetime, active or charter members or joined BBU as lifetime or active members during the period January 1, 1996 to March 31, 1996.

3. Lifetime and active members must be owners of BBU Certified Beefmaster cattle at the time of joining. At the time he joins, each lifetime or active member shall sign a BBU name franchise and holding brand contract and such application and forms as may be adopted by the Board of Directors.

4. Only charter, lifetime and active members in good standing shall be entitled to vote, serve as directors or hold office. Each charter, lifetime or active member shall have a single vote. Charter, lifetime and active members shall be entitled to all services of BBU upon payment of such fees as may be fixed by the Board of Directors.

5. Associate members shall be elected by the Board of Directors and shall be reputable individuals, corporations or firms who do not own any BBU Certified Beefmaster cattle but are interested in the Beefmaster breed of cattle. Associate members shall be entitled to those services granted by the Board of Directors.

6. Junior members shall be elected to junior membership by the Board of Directors and shall be under the age of twenty-one (21) years on January 1st of the current year. At the time of joining, each junior member shall sign a BBU name franchise and holding brand contract and such application and forms as may be adopted

by the Board of Directors. Junior members shall be entitled to those services granted by the Board of Directors.

7. By the action of the voting membership at the annual general membership meeting, honorary membership may be conferred upon individuals who have made outstanding contributions to the Beefmaster breed of cattle. Honorary members shall be entitled to those services granted by the Board of Directors.

8. Corporations, firms or partnerships which are charter, lifetime or active members shall each designate in writing an individual officer, director or member of the corporation, firm or partnership who shall exercise on behalf of the corporation, firm or partnership the rights and privileges of such membership, including the right to vote and hold office.

9. Members may be dropped from the roll for cause by the action of the Board of Directors.

10. The Board of Directors may make such investigations as to the qualifications and desirability of an applicant for membership as it may deem necessary.

11. Proxies will be mailed to the general membership by the Secretary thirty (30) days prior to the annual membership meeting to vote on behalf of any member at any meeting of the general membership. Proxies shall be in writing, by fax or e-mail and filed with the certified public accounting firm so designated by the Board of Directors no later than five (5) days prior to the meeting date. The tabulation of the proxies and the receiving stamp of the accountant shall be conclusive. A self-addressed stamped envelope, addressed to the certified public accounting firm, will be enclosed, as well as their fax number and e-mail address.

The only exception to this procedure will be in the case of a special called meeting, whereby only fifteen (15) days notice is given. In this case, proxies may be given to vote on behalf of any member at this particular meeting of the general membership. Proxies shall be in writing, by fax or e-mail and shall be filed with the Vice-President twenty-four (24) hours prior to such meeting. A list of proxy holders shall be furnished the President prior to a vote on any question.

12. The members shall meet in the annual general membership meeting on a date and at a place to be fixed by the Board of Directors, who shall give the members at least thirty (30) days written notice of such meeting. The members may be called to a special meeting by the Board of Directors upon at least fifteen (15) days written notice. At all meetings of members, ten percent of all the members entitled to vote, present in person or represented by proxy, shall be necessary and sufficient to constitute a quorum for the transaction of business. If a quorum shall not be present in person or represented by proxy, the members entitled to vote who are present in person or represented by proxy may adjourn the meeting from time to time without notice, other than announcement at the meeting, until the requisite number of members to constitute a quorum shall be present in person or represented by proxy. At any such adjourned meeting at which a quorum is present, in person or represented by proxy, any business may be transacted

which might have been transacted at the meeting of which notice originally was given. The members entitled to vote present in person or represented by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough such members to leave less than a quorum. Less than a quorum may adjourn. Except as otherwise required by these By-Laws or the Texas Non-Profit Corporation Act, all matters shall be decided by the vote of the majority of the members present in person or represented by proxy and entitled to vote thereon. Minutes of each membership meeting shall be permanently filed in the records of BBU. A copy of the minutes shall be forwarded to any member upon written request to the Executive Vice-President.

13. Each member upon joining shall execute the name franchise and holding brand contract and such forms as may be adopted by the Board of Directors referred to in Section I, Paragraph 3. The prefix name to be selected by each member shall not duplicate that of any other member (nor be such as to mislead the public as to the identity of the herd), and each prefix name must be approved by the Board of Directors before it can be used.

II.

THE BOARD OF DIRECTORS

1. The governing body of BBU shall be a Board of Directors composed of twelve (12) members elected by the voting membership at the annual general membership meeting to serve for terms of three (3) years; and in addition to such members, the President, Vice-President, Treasurer, Secretary and the immediate past President as ex-officio shall also be members by virtue of their office. It is declared to be the policy to have the various areas in which Beefmaster cattle are bred be fairly represented on the Board of Directors, provided that no more than ten (10) of these seventeen (17) elected Directors and Officers may be residents of the same state of the United States of America.

2. At each annual general membership meeting, four (4) Directors shall be elected to replace those whose terms expire at the end of such meeting. In the event of a vacancy on the Board, the Board of Directors shall fill such vacancy until the next annual general membership meeting, whereupon, a successor shall be elected for the unexpired term by the voting membership. Meetings of the Board of Directors shall be called by the President, or by any three (3) board members. A majority of such members shall constitute a quorum for the transaction of business. The Board of Directors shall have at least three (3) formal in person meetings each calendar year, upon fifteen (15) days written notice. In addition to such in person meetings the Board of Directors may, upon notice to all Board members, conduct a meeting by means of a telephone conference or other communications. A majority of the members of the Board of Directors must participate in such communications to constitute a quorum for the transaction of business. All meetings of the Board of Directors shall be documented by the secretary or a member of BBU staff to ensure accuracy of minutes produced from same. The powers and duties of the Directors shall be those conferred by law and these By-Laws. Two consecutive absences from in person Director's meetings shall constitute a resignation from the Board unless otherwise qualified medically.

3. Minutes of each Director's meeting shall be permanently filed in the records of BBU. A copy of the minutes shall be forwarded to each director following each meeting.

III.

OFFICERS

The officers of BBU shall be a President, a Vice-President, a Treasurer and a Secretary. A President and Vice-President shall be elected by the voting membership at a general membership meeting called and held in even numbered years for a term of two (2) years. A Treasurer and a Secretary shall be elected by the voting membership at a general membership meeting called and held in odd numbered years for a term or two (2) years. Such officers shall serve as such without compensation for such respective terms and until their respective successors are elected at the end of the relevant general membership meeting. Neither the President nor the Vice-President may be re-elected for the same office for more than one (1) consecutive term. There may also be appointed an Executive Vice-President by the Board of Directors who shall serve at the pleasure of the Board.

PRESIDENT: The President shall be the presiding officer and shall carry on the business of the corporation under the By-Laws and the instructions of the Board of Directors. The President shall preside at all conventions or meetings of the members of BBU or of the delegates and shall be chairman and preside at all meetings of the Board of Directors, when he is present but shall vote only in case of a tie vote; and when he is absent or unable to perform the duties of the office, the Vice-President shall act in his stead. The President, upon the completion of his elected term, or terms should he be re-elected for a second consecutive term of office, shall remain on the Board of Directors as an ex-officio member for a term of one (1) year, or for a term of two (2) years should there be a re-election of the President who succeeded him, with all of the attendant rights and responsibilities of a regular member of the Board of Directors.

VICE-PRESIDENT: The Vice-President shall be the presiding officer in the absence of the President and shall perform such other duties as may be delegated to him by the President and the Board of Directors.

TREASURER: The Treasurer shall be the custodian of the funds, shall attend to the collection of dues and fees owing to the corporation, and shall pay the expenses of the corporation, keeping account thereof.

SECRETARY: The Secretary shall keep the minutes of the meetings of the general membership and of the Board of Directors unless done by a member of BBU staff and shall have custody of the seal and records of the corporation.

EXECUTIVE VICE-PRESIDENT: The Executive Vice-President shall perform such duties as may be delegated to him by the Board of Directors and the officers. All instructions and directions from any member to the Executive Vice-President shall be channeled through the President. The Executive Vice-President shall be the Chief Operating Officer of BBU. He shall be appointed and his term of office and compensation fixed by the Board of Directors, and he shall be subject to the directions and control of the Board and President. He shall exercise such power and authority and shall perform such duties as customarily pertain to the position of General Manager or Chief Operating Officer of a corporation, and such other duties as the Board of Directors may from time to time assign him.

He shall be the corresponding and recording officer of BBU and shall receive, attend to and dispose of all

applications for membership in BBU, all applications for certification of animals and all applications for ownership-transfer of such animals; he shall sign and issue all certificates of membership, Certificates of Breeding and ownership-transfer, and shall keep a record of all such certificates issued. Under the rules and regulations prescribed by the Board of Directors, he shall have charge of all programs of BBU.

In the event of the death, resignation or incapacity of the Executive Vice-President, his duties and responsibilities shall be discharged by an appointee by the Board of Directors until such time as a vacancy in his office has been filled by the Board.

It shall be the duty of the Executive Vice-President to manage the operation of the office, to employ and supervise the work force and, in cases where practicable, to administer the purchasing procedures of all supplies including printing and other necessities on a timely basis and in such volume as may be deemed expedient and for the best interests of BBU.

If after a Certificate of Breeding of an animal has been issued, anything shall be learned which raises a doubt as to the propriety of such certification, the Executive Vice-President shall report to the Board of Directors his findings and recommendation for investigation and issue such notices for hearings on such matters as elsewhere prescribed in these By-Laws and/or Rules.

The Executive Vice-President may at any time investigate or cause to be investigated the breeding and herd records maintained in his office for the purpose of verifying the validity of applications for certification or for the purpose of investigating other matters in which BBU may be interested.

The Executive Vice-President need not be a member of BBU.

IV. COMMITTEES

There shall be the following standing committees composed of no fewer than five (5) members, except for the Ethics and Rules committee which shall consist of no less than seven (7) members, who shall be appointed by the President, subject to the approval of the Board of Directors. There shall be such other committees as the President may suggest from time to time, whose members shall be appointed and approved in the same manner except the Nominating Committee which will be determined as set forth below.

FINANCE AND AUDIT COMMITTEE: This committee shall have supervision of the books of account of the corporation and shall have annual audits made by a certified public accountant of such books of account. To it shall be referred all matters pertaining to fiscal affairs, and it shall have the duty of preparing an annual budget for presentation to the Board of Directors and the general membership. This committee will review all proposed allocations and proposed budgets by the other committees of BBU. A separate audit committee will be appointed by the President, made up of members other than the Treasurer.

MEMBERSHIP COMMITTEE: The primary function of this committee is to aid in the recruitment of new members, to make recommendations to the President, and to carry out those duties requested of them by the President and the Board of Directors.

NOMINATING COMMITTEE: This committee shall be composed of the current BBU President, the three immediate past Presidents and a representative elected by each active BBU Satellite Board of Directors. This committee shall submit its nominations for both officers and directors to the membership at the annual general membership meeting. Members of the nominating committee shall not be eligible for nomination for a position on the BBU Board of Directors if they have served on the Nominating Committee during the current year.

ADVERTISING AND PUBLIC RELATIONS COMMITTEE: This committee shall supervise all activities involving relationship with the public and with government bodies. It shall also be responsible for assembling and disseminating information concerning the breed, which shall include recommendations of agencies and/or individuals that would prepare, coordinate, and place such advertising. The committee shall also investigate all advertising matters and provide a proposed budget for review by the Finance and Audit Committee.

BREED IMPROVEMENT COMMITTEE: This committee shall investigate possible useful information and facts that could contribute to the desirable qualities of the breed and supervise all activities involving breed improvement. It shall make recommendations to the President, the Board of Directors and the general membership regarding breed improvement activities. This committee shall also be charged with the responsibility of determining, from time to time, what recessive factors are considered undesirable and harmful to the breed as well as those breeding methods and husbandry tactics that conflict with the furthering of the six essential characteristics upon which the breed has been developed, and to define the nature, type and form of the information which is accepted by the Board of Directors and to be kept on file.

BY-LAWS COMMITTEE: This committee shall consider and make recommendations to the President, Board of Directors and the general membership regarding changes in these By-Laws.

ETHICS AND RULES COMMITTEE: This committee shall be charged with the responsibility of determining the ethical principals which determine the rightness or wrongness of particular acts or activities involving disputes of a BBU member and BBU Beefmaster cattle when such transactions are covered by BBU By-Laws, Approved Sale Agreement or Terms and Conditions of BBU Approved Sales; and transfer of BBU Certificates of Breeding in accordance with the BBU By-Laws. Procedures of the committee shall be approved by the Board of Directors and published in the BBU Policies & Procedures Manual. This committee shall not be empowered with direct action. The findings of the committee shall be reported to the Board of Directors with a recommendation of Board action. This committee shall not accept or proceed further with any disputes or claims that are in litigation.

EXECUTIVE SALES COMMITTEE: This committee shall consider and make recommendations to the President, the Board of Directors, the general membership and the Breed Improvement Committee concerning activities and rules pertaining to sales.

CONVENTION COMMITTEE: This committee shall consider and make recommendations to the President and the Board of Directors regarding annual conventions.

PRESIDENT'S COUNCIL: This committee shall be appointed if the BBU President so desires. This committee

shall be made up of the President of various satellites to serve as a conferring group and line of communication for the President.

INTERNATIONAL COMMITTEE: This committee shall consider and make recommendations to the President and the Board of Directors regarding the coordination of activities with international breed organizations and the international marketing of the breed.

COMMERCIAL MARKETING COMMITTEE: This committee shall supervise all activities involving the commercial marketing of Beefmaster and Beefmaster cross cattle. It shall work together with other committees in furthering the use of Beefmaster genetics in the commercial industry. This committee shall consider and make recommendations to the President and the Board of Directors regarding the commercial marketing of Beefmaster and Beefmaster cross cattle.

V.

RECOGNITION OF BREEDING

The Lasater Beefmaster herd, owned by the Lasater Ranch of Matheson, Colorado, formerly of Falfurrias, Texas, is recognized as the foundation herd of the Beefmaster breed. Cattle, other than individuals of or from this foundation herd, shall be recognized as being of Beefmaster breeding provided:

1. They are purebred descendants of the foundation herd, which was recognized as an American breed by the USDA in 1954, or
2. They are produced by three consecutive crosses of recognized Beefmaster breeding and in conformity with the rules and regulations promulgated by the Board of Directors of BBU.

BREEDING AND OWNERSHIP PROCEDURES

1. The breeder is that individual, corporation or firm who owned the dam at the time of conception of the animal in question.
2. The first owner is that individual, corporation or firm who owned the dam at the time of birth of the animal in question.
3. Insofar as it is deemed to be in the best interest of BBU, its individual members, and the quality and value of the Beefmaster breed, it is hereby resolved that as of November 1, 1980, BBU will not except and/or exchange Certificates of Breeding from any Beefmaster association unaffiliated with BBU except as provided for in Section X, Paragraph 1. Provided further, and in regard to foreign countries, BBU may accept and/or exchange Certificates of Breeding from any Beefmaster association of foreign countries conforming to all BBU By-Laws, rules and regulations and amendments thereto as described in Section X, Paragraph 2.

Application for a Certificate of Breeding shall be made by the Breeder-Member-First-Owner upon the official form or forms available from BBU and completed, authenticated and returned to BBU as prescribed and published by the Board of Directors. Dam identification by BBU certificate number shall be required to be designated by the Breeder-Member-First-Owner upon the application form when applying for a Certificate of Breeding for a specific animal. Upon application for certification, sire (or sires, if multiple) must first be certified by BBU in accordance with the rules, regulations and By-Laws of BBU. Based upon this application, having been fully completed with all required information and, provided that all the conditions of these By-

Laws and rules and regulations set forth by the Board of Directors are met, BBU shall issue a Certificate of Breeding covering the specific animal. The affirmed application and a copy of the Certificate of Breeding shall be retained in the files of the corporation for such period of time as the board of Directors shall approve. The form of application and form of certification shall be approved by the Board of Directors.

4. Without regard to the provisions contained in these By-Laws, the Beefmaster foundation herd owned by the Lasater Ranch of Matheson, Colorado will be eligible to apply for Certificates of Breeding on cattle produced from such herd without dam identification so long as it remains a closed herd and is owned by the Lasater family.

5. If the estate of the deceased Breeder-Member-First-Owner wishes to secure a Certificate of Breeding, application for Certificate of Breeding shall be made by the legally authorized personal representative of his estate upon the form to be provided that the animal covered by the application for Certificate of Breeding is still owned by said deceased breeder-member's estate. Said individual will likewise sign in lieu of the deceased breeder-member, both on the face of the Certificate of Breeding and, in the event of transfer, he will sign on the back thereof.

6. A Certificate of Breeding may be transferred to a member or non-member of BBU who, in turn, may transfer same, provided that the non-member pays two times the member's fee for transfer. At the time of transfer, the certificate must be returned to the BBU office, for validation of transfer.

Should the Executive Vice-President be provided a bill of sale in the form then available from BBU that appears on its face to have been appropriately fully completed and executed and be advised by the buyer in such bill of sale that the seller has been unable or unwilling to make application for transfer of the related Certificate(s) of Breeding, BBU will request, by certified mail, such seller to make such application. Should such seller not make such application within thirty (30) days of his receipt of such request and not in the opinion of the Executive Vice-President adequately justify his not making such application, the Executive Vice-President may, on behalf of BBU, and after receipt of the transfer fee then applicable, transfer to such buyer the Certificate(s) of Breeding on the relevant animal(s).

7. The Board of Directors shall approve a policy for issuing duplicate Certificates of Breeding.

VI.

ANNUAL DUES AND OTHER CHARGES

1. The amount of annual dues and late payment penalties to be paid by charter, active, associate and junior members, as well as the fees to be charged for Certificates of Breeding, for other printed material and services, shall be fixed by the Board of Directors from time to time.
2. Dues will be due and payable at the time each member joins. Thereafter, dues will be due and payable in January of each year except for Lifetime members.
3. Each year in June, there shall be published a roster of all members, their prefix names and addresses.

VII.

REGIONAL OR LOCAL ORGANIZATIONS

1. Regional or local organizations of members of BBU may be authorized by the Board of Directors to engage in activities to further and improve the breed of Beefmaster cattle. Members desiring to form such an organization shall submit a written application for authorization to the Board of

Directors and, in addition, a statement of the plan of organization and the proposed scope of activities of such organization.

2. If, in the opinion of the majority of the members of the Board of Directors, a need exists for a branch of BBU in a locality sought and if the statement of the plan of organization and scope of activities conforms to the overall purpose and activities of BBU, then authorization of the branch may be granted subject to the By-Laws and rules and regulations prescribed and promulgated by such Board of Directors from time to time, and it shall at all times keep BBU advised as to its activities in order to ensure full compliance with all applicable federal, state and local laws and regulations.

3. Any member of BBU shall have the privilege of participating in any activity of any such regional or local organization upon the payment of the fees set and prescribed by such organization, and, if required by that organization, the prior joinder of same. Such fees need not be equivalent for a BBU member which is a member of such a regional or local organization and for a BBU member which is not a member of that same regional or local organization.

4. The authorization of any such association may be revoked for cause by the Board of Directors.

VIII.

AMENDMENT OF THE BY-LAWS

Amendments to the By-Laws shall only be adopted in the manner hereinafter provided. The proposed amendment shall be first submitted in writing to the Board of Directors. If a majority of such Board believe that the proposed amendment is worthy of submission to the general membership, they shall notify such membership of the proposed amendment at the time of issuance of the written notices calling the general membership meeting. In the event that fifteen percent or more of the members endorse a proposed amendment, the Board of Directors shall submit same for consideration to the membership. An amendment shall be ordered adopted if a simple majority of those voting, either in person or by proxy, vote in favor of adoption.

IX.

RULES OF ORDER

Robert's Rules of Order will apply in whatever is not covered by these By-Laws.

X.

ADDITIONAL REGISTRATION PROCEDURES

1. Procedures for Registration of FBA and NBA Animals

Notwithstanding other restrictions herein contained, individuals or entities who are members in good standing of BBU or who have applied to be members of BBU, may make application to BBU, on its official form, for inspections of their cattle:

a. that are eighteen (18) or more months of age on the date of inspection;

b. that are identified by number brands, or permanent ear tattoos, and a holding brand; and

c. that held on the date of application, valid FBA or NBA Certificates of Breeding or which cattle applicant owned on the date of application and were eligible for FBA or NBA Certificates of Breeding.

Each BBU member may make such application for inspection of FBA or NBA cattle once and only once.

In such an inspection, first cross females with FBA or NBA first cross Certificates of Breeding, or eligible for same, on the date of the application, will be visually appraised for their acceptability for BBU first cross Certificates of Breeding; second cross females with FBA or NBA second cross Certificates of Breeding, or eligible for same, on the date of the application, will be visually appraised for their acceptability for BBU second cross Certificates of Breeding; and third or more cross cattle with FBA or NBA purebred Certificates of Breeding, or eligible for same, on the date of application, will be visually appraised for their acceptability for BBU purebred Certificates of Breeding.

The visually appraised acceptability of such cattle for the above indicated respective BBU Certificates of Breeding will be in accordance with the minimal acceptable standards of the BBU Voluntary Classification Program then in effect.

The fees for such an inspection and payment schedules shall be established by the Board of Directors.

To obtain BBU Certificates of Breeding on such cattle inspected and found to be acceptable, the applicant shall within ninety (90) days of their inspection, complete and deliver an application to the BBU office on BBU's official form with the requisite fee for the respective qualifying category or categories of BBU Certificates of Breeding on those cattle for which he desires Certificates of Breeding. If the applicant is not then a lifetime, active or junior member of BBU, his application for BBU Certificates of Breeding must be accompanied by an application on BBU's official form, for lifetime, active or junior membership along with the then effective respective membership fees. The issuance of any of these Certificates of Breeding to an applicant shall be contingent upon and delayed until membership application is approved.

The fees for the Certificates of Breeding obtainable under this inspection process shall be established by the Board of Directors.

Those cattle of an above described applicant that are less than eighteen (18) months of age at the time of applicant's hereunder authorized initial cattle inspection, or born within ten (10) months after such inspection, which are progeny of dams with BBU first cross, second cross or purebred Certificates of Breeding, obtained under this Section X.1 or otherwise, and are also progeny of registered FBA or NBA bulls, without BBU Certificates of Breeding, may, upon attaining the age of eighteen (18) months, if a second cross female, be inspected for acceptability for BBU second cross Certificates of Breeding. If such an animal is a female or a bull and the progeny of dams with BBU second cross or purebred Certificates of Breeding, obtained under this Section X.1 or otherwise, and are also progeny of registered FBA or NBA bulls, without BBU Certificates of Breeding, it may be inspected for acceptability for BBU purebred Certificates of Breeding. Such an application for such an inspection must be made on BBU's official form and within one year of an eligible animal attaining eighteen (18) months of age.

The fees for such an inspection, the visually appraised criteria for acceptability of inspected animals, the period of time after inspection and acceptance to apply on BBU's official form for BBU Certificates of Breeding on any or all of those animals so inspected and accepted, and to apply on BBU's official forms for BBU membership if applicant is not such a BBU member at time of his application for BBU Certificates of Breeding on such inspected and accepted cattle, shall be as hereinabove expressed for those animals

that were eighteen (18) or more months of age at the time of applicant's initial hereunder authorized inspection.

All cattle not qualifying for inspection under this Section X.1 of the BBU By-Laws will be eligible for BBU Certificates of Breeding only under other provisions of the BBU By-Laws.

2. International Exchange of Certificates

Notwithstanding other restrictions herein contained, any national Beefmaster breed association headquartered outside the U.S. ("Association") or interested member thereof may make a request in writing, including copies of their By-Laws, rules and regulations, amendments, and Purebred Registration Procedures, to the Executive Vice-President of BBU for approval of the exchange of their purebred Beefmaster Certificates of Breeding for BBU certificates. The Association must substantially conform to appropriate BBU By-Laws, rules and regulations, and amendments thereto that pertain to Recognition of Breeding, Breeding, and Ownership Procedures.

Upon review by the Executive Vice-President to confirm that the Association meets standards established by the Board of Directors for exchange, including, as a minimum, dam identification and three crosses in any upgrade program, a recommendation to accept or reject that Association's application for exchange would be presented at the next BBU Board of Directors meeting. If approved by the board of Directors, BBU would accept exchange applications thereafter from that Association. Upon amendment of or substantial changes to these documents, or the report of significant problems associated with the exchange of Certificates of Breeding with the Association, the Executive Vice-President may review those documents and procedures and again make appropriate recommendations to the Board of Directors.

Any individual, corporation, or firm, currently a lifetime or active member of BBU, may make application for a BBU Certificate of Breeding on an Association purebred registered Beefmaster, which has been previously approved for exchanges. Application must be made on forms established by BBU and accompanied by normal transfer of ownership fees, if applicable, and such additional exchange fee and handling fees as may be established by the Board of Directors. Each request must include written confirmation from the Association, dated no more than thirty (30) days prior to the application, that the applicant is the current owner of the animal.

Any individual, corporation, or firm, currently a lifetime or active member of BBU, may make application to transfer ownership of semen or embryos from a dam or sire currently registered with an Association with which BBU exchanges certificates of breeding as follows: (1) the applicant would apply to BBU for exchange certificates of breeding on the donor and/or sire, as appropriate, as indicated above; and (2) the applicant would comply with applicable BBU procedures for transfer of ownership of the embryo and or semen, including applicable blood and/or DNA typing.

XI. DNA TESTING

BBU may require that any animal for which application for registration is made or which is already registered be subjected to a DNA genotype as an aid in verifying the accuracy of purported or recorded parentage and/or breed purity.

The Board of Directors, or the Executive Vice-President acting on behalf of the Board of Directors, may require that a DNA genotype be made by such person, breeder or agency as it or he may designate of any purported Beefmaster animal as an aid in verifying parentage or which has been alleged to have been incorrectly represented on an application for registration or incorrectly registered, or for any animal for which blood or tissue analysis may be relevant to the accuracy of any record or registry maintained by BBU.

It shall be the duty of the owner or owners of record of any such animal in question and the owner or owners of record of its purported sire and dam to afford BBU or its representatives reasonable opportunity to secure blood or tissue from the animals involved in the investigation.

The Board of Directors is empowered to determine who shall pay all or part of the costs of any such investigation, including laboratory fees assessed under these provisions and to make detailed rules prescribing the procedures to assist in parentage verification and maintenance of breed purity.

XII. INVESTIGATIONS REGARDING CERTIFICATIONS

Effective October 27, 2006, after a certificate of breeding has been issued for an animal and credible information is thereafter received by the Executive Vice-President that raises a doubt concerning the propriety of the certification of the animal, the Executive Vice-President may make further inquiry regarding the propriety of the certification of the animal and report the results of his findings to the Board of Directors. The report may include a recommendation by the Executive Vice-President for an investigation of the propriety of the certification of the animal.

The Board of Directors may institute an investigation of the propriety of the certification of the animal or, it may appoint a special committee to conduct this investigation and submit a written report of its findings and recommendations to the Board of Directors.

The Board of Directors may suspend the registration of the animal and any further registrations of its progeny pending the Board's final determination of the investigation. BBU recognized sales and transfers of the progeny, semen, embryos, flushes or pregnancies of the animal must involve notice by the seller to the buyer or transferee of such investigation. BBU may require written proof of such notice unless it occurs in a BBU Approved Sale.

The Executive Vice-President shall duly notify by letter the member-owner(s) of the animal of the action(s) of the Board of Directors. This notice letter shall be sent to the member-owner(s) not less than thirty (30) days prior to the hearing by certified mail, return receipt requested. The notice letter shall include: (1) a copy of the charges, (2) notice of the date, time and place of the hearing of the matter, (3) a statement of the purpose and scope of the hearing, (4) the actions the Board of Directors has the power to impose regarding his membership in BBU and the certification of the investigated animal and (5) that the member may appear in person or by counsel and produce witnesses, affidavits, documentary or other evidence that is appropriate to the investigation.

The Executive Vice-President shall also notify the membership of the suspension of the registrations of such progeny and of the notice requirement regarding the sale or transfer of the progeny, semen, embryos, flushes or

pregnancies of the animal by direct mail or by publication in the official BBU publication.

If the investigation reveals that, under the By-Laws or Rules of BBU in effect at the time the certificate was issued, an animal was not qualified to receive the category of certificate or the pedigree as shown on the certificate, the Board of Directors may take any action in its final decision that it deems appropriate and necessary to assist in parentage verification and maintenance of breed purity. Board actions may include but are not limited to imposing the suspension or the revocation of the certification of the animal.

Without limitation, one basis of determination that an animal did not qualify for its certificate would be a determination by the BBU officially designated laboratory that the animal did not qualify as the progeny of one or both of its represented parents. The laboratory's determination may involve derived blood types or DNA genotypes and, while not complete, may be adequate and acceptable to exclude the represented relationship of the animal by the currently accepted scientific standards within the field. From the laboratory reports, and/or other accepted, credible evidence, and the totality of the circumstances of the investigation of the animal, the Board of Directors may determine the disqualification of the animal. If the Board of Director's decision disqualifies the animal, the Executive Vice-President shall immediately mail letters to the membership informing them of the Board of Director's decision. This letter should also inform the membership that BBU will not register additional progeny of the disqualified animal which are born more than three hundred and fifty (350) days of the date of the letter of the Executive Vice-President.

In the absence of fraud or intentional wrong doing that is reasonably proven by credible evidence to the satisfaction of the Board of Directors, all progeny will be left in the BBU register that were registered to the animal prior to the date of the letter notifying the membership of the disqualification of the animal. The owners of such progeny will also be notified of the disqualification of the animal and of the date the Board of Directors determined the disqualification. Additionally, in the absence of fraud or intentional wrongdoing that is reasonably proven by credible evidence to the satisfaction of the Board of Directors, all progeny of the disqualified animal that were born prior to or, that were born within 350 days after the date of the aforesaid advisory letter from the Executive Vice-President to the membership, may be registered with BBU. However, their certificates of registration must disclose the respective parental disqualification. Sales or transfers of such registered progeny or progeny that may be so registered within such 350 day period that may be sold and transferred in BBU approved sales or that may be sold or transferred other than in a BBU approved sale will be recognized by BBU provided the prospective buyer or transferee is given notice of the respective parental disqualification prior to incurring any obligation for same. BBU may require written proof of such prior notice unless it occurs in an Approved BBU sale.

BBU will not recognize the sale or the transfer of semen, embryos, flushes or pregnancies from a disqualified parent which occur after the date of the notification letter of disqualification to the membership.

The provisions of this Article XII shall not alter any relevant agreements existing between BBU and any of its members as of October 26, 2006.