

TOASTMASTERS
INTERNATIONAL®

Articles of
Incorporation

&

Bylaws of
Toastmasters
International

As Amended August 16, 2009

Articles of Incorporation of Toastmasters International

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Bylaws of Toastmasters International

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Articles of Incorporation of Toastmasters International

Article I

The name of this corporation is Toastmasters International.

Article II

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

The specific and primary purpose of this corporation is to engage in charitable and educational activities within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States internal revenue law (the “Code”), by joining its member clubs to provide educational methods, programs, materials, and opportunities that enable the individual members of the clubs to learn and apply the principles and techniques of effective oral communications, leadership, and related subjects, in a manner which provides no pecuniary gain or profit for the individual members of the clubs.

Article III

This corporation is organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Code. Notwithstanding any other provision of these Articles, this corporation shall not carry on any activities not permitted to be carried on

- (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or
- (2) by a corporation, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), 2106(a)(2)(A)(ii), 2522(a)(2), or 2522(b)(2) of the Code.

Except as permitted by law, no substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate **for public office**.

Article IV

The property of this corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member (if any) of this corporation, or to the benefit of any private person. Upon the winding up and dissolution of this corporation and after paying or adequately providing for the debts and obligations of this corporation, the remaining assets shall be distributed to a nonprofit fund, foundation, or corporation that is organized and operated exclusively for charitable purposes, that has established its tax-exempt status under Section 501(c)(3) of the Code, and that would be able to accomplish the general objectives of this corporation.

Article V

This corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law of 1980 not otherwise applicable to it under Part 5 thereof.

Bylaws of Toastmasters International

Article I

Purpose:

Sec. 1. Toastmasters International is the leading movement devoted to making effective oral communication a worldwide reality.

Through its member clubs, Toastmasters International helps men and women learn the arts of speaking, listening and thinking – vital skills that promote self-actualization, enhance leadership potential, foster human understanding, and contribute to the betterment of mankind.

It is basic to this mission that Toastmasters International continually expand its worldwide network of member clubs, thereby offering ever-greater numbers of people the opportunity to benefit from its program.

Sec. 2. In order to carry out this mission, Toastmasters International shall:

- (a) Organize, recognize, direct, and guide member clubs as private associations of individuals seeking to improve their speaking, listening, thinking, and leadership skills.
- (b) Utilize its member clubs to provide private educational programs, instructional materials, and practice opportunities for those individuals invited to join its clubs, and to afford evaluation and incentive to personal development through appropriate awards and recognition.
- (c) Engage in research in speech education, leadership training, communications and related fields, cooperate with accredited educational institutions and other organizations in the furtherance of its objectives and publish and disseminate educational materials in, and related to, oral communications.
- (d) Provide communication and leadership programs, Speechcraft courses, leadership training, and instruction in parliamentary procedure, conduct of meetings, group discussion, evaluation methods, and other techniques of communication; and award certificates indicating satisfactory completion of such educational projects as are authorized, supervised, approved, and modified from time to time by its Board of Directors.
- (e) Provide private training at all levels of its organization to improve people's ability to listen, think, speak, and lead. For this purpose, Toastmasters International shall establish, encourage, and supervise meetings, conventions, seminars, speech contests and such appropriate activities in the furtherance of its educational objectives as will stimulate interest, participation, and personal improvement of all individual members of its clubs.
- (f) Organize, recognize, aid, and provide instruction for special groups who cannot afford or who are otherwise ineligible for a Toastmasters club charter, whose participants desire

training in speech, such as youth groups, groups within correctional and rehabilitational institutions and hospitals, and groups which foster improvements in speech training in recognized educational institutions at all academic levels. The extent of the activities authorized by this Paragraph shall be determined from time to time by the Board of Directors of Toastmasters International.

Article II

Office:

Sec. 1. PRINCIPAL OFFICE: The principal place of business of the corporation (“World Headquarters”) shall be Rancho Santa Margarita, California.

Sec. 2. LOCATIONS: The Board of Directors shall have power and authority to change said principal place of business from one location to another in the State of California; and to establish or discontinue branch offices from time to time at any place or places it may designate in the State of California or elsewhere.

Article III

Membership:

Sec. 1. HOW CONSTITUTED: The voting members of Toastmasters International shall consist of the following two classes of members, as the term “member” is defined in Section 5056 of the California Corporations Code:

(a) Member clubs, defined as Toastmasters clubs which, having subscribed to the purposes and ideals of Toastmasters International and having been granted a charter, continue to function in compliance with the conditions set forth in the Articles of Incorporation, these Bylaws, the Club Constitution, the policies and procedures established by the Board of Directors, and the decisions of the Board and its authorized agents and representatives. Each member club shall be entitled to two votes in all matters presented to the voting membership for a decision.

(b) Delegates at large, who shall consist of the Toastmasters International President, International President-Elect, the vice presidents, the international directors, past international presidents, past international directors, and district governors, subject to the conditions of membership stated in Article III, Sec. 4, below. Each delegate at large shall be entitled to one vote in all matters presented to the voting membership for a decision.

Other persons and entities that are affiliated with Toastmasters International, but are not voting members of the corporation Toastmasters International under Section 5056 of the California Corporations Code, are the following:

- ▶ Individual members of clubs, who vote only in their respective clubs; and
- ▶ Gavel clubs, and other entities and programs that Toastmasters International may establish pursuant to Article I, Sec. 2, Paragraph (f) above.

Sec. 2. COMPOSITION OF MEMBER CLUBS: Member clubs are private associations composed of persons seeking to improve their ability to communicate and/or lead. Individual membership in any club is by club invitation, and is open only to individuals who remain in good standing with Toastmasters International under Article III, Sec. 8, below. No person shall be excluded from membership in a club because of age (except those persons under 18 years of age), race, color, creed, gender, national or ethnic origin, sexual orientation, or physical or mental disability, so long as the individual, through his or her own effort, is able to participate in the program. However, clubs may restrict their membership in other ways, e.g., to the employees of a particular company or agency, residents of a specific community, or people sharing a special interest.

Sec. 3. ADMISSION AND CONTINUATION OF MEMBER CLUBS: Any group desiring admission as a member club of Toastmasters International shall make written application on forms provided by World Headquarters. Upon adoption by the group and filing with World Headquarters of a properly certified Constitution for member clubs and upon fulfillment of all requirements established by the Board of Directors, a charter shall be signed by the International President and the Executive Director. Membership shall commence upon issuance of a charter. No charter shall be issued until the membership dues and new individual member fees stipulated in Article IV have been paid, together with a charter fee. The amount of the new individual member fee and the charter fee, and all other policies and procedures for admission and continuation of member clubs, may be established and modified from time to time by the Board of Directors.

Sec. 4. TERMINATION AND SUSPENSION: The provisions of this Section shall govern termination and suspension of voting members of this corporation. The Board of Directors shall prescribe, and may modify from time to time, policies and procedures for termination, suspension, and restoration of voting membership status, consistent with these Bylaws. Neither termination nor suspension shall relieve the voting member of any accrued but unpaid obligations of such voting member to this corporation. Voting memberships in this corporation, or any right arising therefrom, may not be transferred or assigned under any circumstances. Any such attempted transfer shall be void. For instance, there shall be no transfer of an issued charter from an inactive member club to another group whose members are interested in organizing a new club.

(a) **Member clubs.** Voting membership in this corporation shall terminate upon the occurrence of any of the following events or conditions: (1) nonpayment of amounts owed to this corporation or failure to meet other minimum requirements for member clubs set by the Board of Directors from time to time and administered by World Headquarters; (2) voluntary withdrawal, expressed in writing and delivered to World Headquarters; or (3) expulsion for cause, after a proper hearing, by a three-fourths majority vote of the Board of Directors, under the procedure set forth in Article III, Sec. 13 below. A terminated club is not in good standing

and is required to return its charter to World Headquarters. Voting membership in this corporation may be suspended upon the occurrence of events or conditions set forth in policies and procedures adopted and modified by the Board from time to time. During the period of suspension, a member club shall not have any of the rights of a voting member of this corporation, and shall not be considered in good standing.

(b) **Delegates at large.** Voting membership in this corporation shall terminate upon the occurrence of any of the following events or conditions: (1) termination of the person's service as an officer of this corporation for any reason, except for past international presidents and past international directors; (2) death; (3) voluntary resignation, expressed in writing and delivered to World Headquarters; or (4) failure to maintain good standing with Toastmasters International under Article III, Sec. 8, below. Voting membership in this corporation may be suspended upon the occurrence of events or conditions set forth in policies and procedures adopted and modified by the Board from time to time. During the period of suspension, a delegate at large shall not have any of the rights of a voting member of this corporation, and shall not be considered in good standing.

Sec. 5. LIABILITY: No member club, delegate at large, nor any individual member of any club, shall be personally liable to any creditor, or for any indebtedness or liability, of Toastmasters International, and any and all of the creditors of the corporation shall look only to the assets of the corporation for payment. Furthermore, this corporation is not legally responsible for any liability or debt incurred by any member club, delegate at large, or any individual member of any club. This corporation may provide certain benefits to member clubs, such as group tax exemption rulings and insurance coverage, and may establish policies and procedures for member clubs, but these actions shall not cause this corporation to be liable for the acts or omissions of any member club.

Sec. 6. USE OF COLLECTIVE MEMBERSHIP MARKS: Toastmasters International is the owner of a number of collective membership marks, including the following: "TOASTMASTER", "TOASTMASTERS", "TOASTMASTERS INTERNATIONAL", and the "official emblem". Member clubs have the right to use these collective membership marks pursuant to restrictions and requirements set by the Board of Directors from time to time. These marks can only be used by the member clubs to indicate membership in the clubs. Member clubs shall not permit any individual member of a club or any other person or entity to use the collective membership marks without prior written approval from the Executive Director of Toastmasters International. The clubs recognize that all use of the collective membership marks by the member clubs inures to the benefit of this corporation. Member clubs shall take no action which jeopardizes or imperils the validity of the collective membership marks or impairs the value of such marks. Member clubs shall use the collective membership marks only in the form and manner as prescribed by this corporation, and shall not use any other trademark or service mark in connection with the collective membership marks without prior written approval of the Executive Director. A member club shall promptly notify World Headquarters of any unauthorized use of any of the corporation's collective membership marks, trade names, trademarks, service marks, and/or copyrights which come to the club's attention. The corporation shall have the sole right and discretion to bring infringement or unfair competition proceedings involving its collective membership marks, trademarks, service marks, trade names, and copyrights. Use of any of said marks, names, or copyrights by a member club or by an individual member of a club in a manner which does not comply with the policies and procedures established by the Board of Directors is prohibited.

Sec. 7. NONDISCRIMINATION: This corporation shall not discriminate, in the conduct of its programs and activities, against any person on the basis of age (except those persons under 18 years of age), race, color, creed, gender, national or ethnic origin, sexual orientation, or physical or mental disability, so long as the individual, through his or her own effort, is able to participate in the program or activity.

Sec. 8. GOOD STANDING OF INDIVIDUAL MEMBERS OF CLUBS: Upon an individual's initial admission to membership in any member club, that individual shall be presumed to be in good standing with Toastmasters International. An individual member shall continue in good standing with Toastmasters International so long as he or she is a member of a club and:

- (a) the club of such member is not suspended or terminated;
- (b) the club pays when due the new individual member fees and membership dues payments for such member to Toastmasters International;
- (c) the club continues to recognize the individual as a member in good standing of the club; and
- (d) the individual member has not been suspended or removed from good standing with Toastmasters International by action of the Board of Directors as set forth below.

The Board of Directors of Toastmasters International may suspend or remove from good standing any individual member of any club, or take any other appropriate reasonable action with respect to the good standing of any individual member of a club, by a three-fourths majority vote of the Board, under the procedure set forth in Article III, Sec. 13 below. Any suspension or removal of an individual member from good standing with Toastmasters International shall operate as a suspension or expulsion from each and every club with which that individual member is affiliated, and that individual shall not be eligible for membership in any club unless and until his or her good standing with Toastmasters International has been restored by a three-fourths majority vote of the Board of Directors.

Sec. 9. DESIGNATED REPRESENTATIVES OF CLUBS: Member clubs shall exercise all the rights and obligations of membership, including the right to vote, through a designated representative. The designated representative of a member club, unless otherwise provided in these Bylaws, shall be the president of the member club.

Sec. 10. MEMBERSHIP ROSTER: This corporation shall keep a membership roster containing the name of each voting member and the last address provided to this corporation by the voting member for purposes of notice. The roster shall indicate whether a voting member is in good standing from time to time.

Sec. 11. VOTING MEMBERS' RIGHTS: Subject to these Bylaws and this corporation's other policies and procedures, voting members of this corporation shall have the right to vote, as set forth in these Bylaws, on:

- (a) the election of the International President-Elect, the International President when there is no International President-Elect to succeed to that office, the vice presidents, and the other directors of this corporation;
- (b) the removal of directors pursuant to Section 5222 of the California Corporations Code;
- (c) any amendment to these Bylaws and any amendment to the Articles of Incorporation of this corporation;

- (d) the disposition of all or substantially all of the assets of this corporation;
- (e) any merger of this corporation;
- (f) any dissolution of this corporation; and
- (g) any other matters that may properly be presented to members for a vote, pursuant to this corporation's Articles, Bylaws, member Club Constitution, or action of the Board of Directors, or by operation of law.

Sec. 12. DUES AND ASSESSMENTS: Each member club must pay to this corporation, within the time and on the terms set by the Board of Directors, membership dues and such other fees and charges as the Board may establish from time to time, as a condition of voting membership. For delegates at large, payment of membership dues to Toastmasters International on their behalf by their respective clubs shall be sufficient to maintain their voting membership in this corporation. Voting memberships in this corporation shall not be subject to mandatory assessments by this corporation or any part of this corporation.

Sec. 13. DISCIPLINARY PROCEEDINGS: The following procedure for termination or suspension of a member club or a delegate at large by the Board of Directors under Article III, Sec. 4, is designed to qualify as fair and reasonable under Section 5341(c) of the California Corporations Code. The procedure also applies to the suspension, removal, or other action by the Board with respect to the good standing of an individual member of a club. The term "member" in this Section shall refer to the member club, the delegate at large, or the individual member of a club, as the case may be.

- (a) The Board of Directors shall pass a resolution stating: (1) the proposed disciplinary action; (2) the reasons therefore; (3) the proposed date for the disciplinary action to take effect; and (4) the date, time, and place for a hearing before the Board by the member. The date for the hearing shall be not less than five (5) days before the proposed effective date.
- (b) The Executive Director shall send written notice of the hearing to the member by first class mail to the last address of the member shown on this corporation's records or by any other means reasonably calculated to provide actual notice, containing the matters stated in the Board resolution. Such notice shall be sent not less than twenty (20) days before the hearing date.
- (c) The Board may take interim disciplinary actions pending the hearing, if necessary to protect the vital interests of Toastmasters International or to prevent any imminent harm to Toastmasters International or any of its affiliates.
- (d) The member may choose to appear at the hearing (in person, by telephone conference call, and/or through a representative), or make a written, videotaped, or audiotaped statement to the Board, at the member's own cost. The Board may place reasonable restrictions on the length of the member's presentation. Any statement in writing or other physical form must be received by the Executive Director not less than forty-eight (48) hours before the hearing date.
- (e) After the hearing is ended and the member has been excused, the Board shall discuss and vote on the proposed disciplinary action. The deliberations shall be limited to considering only the evidence presented during the hearing and the charges stated in the Board resolution. To take disciplinary action, a three-fourths majority of the Board must be persuaded that, more probably than not, one or more of the allegations charged in the resolution are true. The decision of the Board of Directors shall be final.

(f) The disciplinary procedures set forth in Robert's Rules of Order Newly Revised shall not apply to disciplinary matters considered by the Board of Directors. The reference to Robert's Rules in Article XIII, Sec. 5(a), below, applies only to parliamentary procedure for the conduct of business meetings.

(g) The Board has complete and sole discretion to decide questions that may arise regarding this disciplinary procedure in order to ensure that it is conducted in good faith and in a fair and reasonable manner, considering the best interests of the organization and the individual and clubs affected. The Board is authorized to adopt and modify from time to time specific policies and procedures for disciplinary proceedings, and the rights of the member charged are limited to those stated in such policies and procedures and in this Section, and no other rights should be presumed or inferred. The member charged does not have any absolute right to legal counsel, to identify or confront witnesses against the member, or to more information about the charges or the evidence beyond that provided in the notice of hearing. All types of evidence, including statements from persons who are not present at the hearing, may be considered. All proceedings shall be conducted and materials shall be presented to the Board in English. A decision by the Board to permit or not permit certain forms of participation in one disciplinary situation shall not bind the Board to the same approach in another situation.

(h) If the disciplinary matter is complex or difficult, due to the number of persons charged, the extent of the evidence, the need for pre-hearing negotiations, the nature of the charges or the defense, or other circumstances, the Board may delegate authority to the Executive Committee, or to a Disciplinary Committee appointed under Article VII below, to conduct some or all of the aspects of the disciplinary process set forth above, substituting such Committee for the Board in each instance. However, a final decision to take disciplinary action must be made or confirmed by a three-fourths majority vote of the Board. If the hearing described in Paragraph (d) above has taken place before such Committee, a subsequent hearing need not be held before the Board unless the Board increases the severity of the action taken.

Article IV

Revenue:

Sec. 1. SOURCE: The operations of Toastmasters International shall be financed by membership dues, new individual member fees, charter fees, sales of literature and supplies, interest, and any other sources of revenue. The corporation's fiscal year shall begin January 1.

Sec. 2. MEMBERSHIP DUES PAYMENT:

(a) Each member club shall pay membership dues in advance, due April 1 and October 1 of each year, based on the total individual membership of the club as of those dues renewal report dates.

(b) At the time that a new individual member is admitted into a club, the club shall remit to Toastmasters International a new individual member fee and prorated membership dues for the

period commencing with the month of the person's admission and ending on the next dues renewal report date.

(c) The amount of such dues and fees shall be determined by the Board of Directors from time to time by a two-thirds vote of the entire Board. The Board shall establish and may modify from time to time policies and procedures for the collection of dues payments, including proration of new clubs' payments, postponement or reduction of membership dues in the event of a natural disaster or other extenuating circumstances affecting a member club's ability to pay, or other appropriate measures.

(d) The secretary of a member club shall, on request of an individual member in good standing, furnish such person with a letter or card showing the date to which the individual member's membership dues is made, which will entitle the person, when transferring to another club, to do so without paying to the other club any membership dues payment for that semi-annual period.

Sec. 3. OFFICIAL PUBLICATION: The *Toastmaster* magazine shall be the official publication of Toastmasters International. No change in the member clubs' financial obligations to this corporation shall be effective until the earlier of the date of publication in the *Toastmaster* or the date of posting on the Toastmasters International Web site.

Article V

Board of Directors:

Sec. 1. HOW CONSTITUTED: The authorized number of directors of this corporation shall be not less than seventeen (17) and not more than twenty-five (25), the exact number to be set by the Board of Directors. The Board of Directors shall consist of the International President, the International President-Elect, the First and Second Vice Presidents, the Immediate Past International President, and one (1) international director from each geographic region. Except for the Immediate Past International President and the International President, all of the directors shall be elected by the voting membership of Toastmasters International. A voting member of the Board of Directors may be referred to as a "director" and collectively they may be referred to as "directors" in these Bylaws. The Executive Director of Toastmasters International shall not be a director but shall be an ex officio member of the Board without voting privileges.

Sec. 2. POWERS: Except as otherwise provided in these Bylaws, the powers of Toastmasters International shall be exercised, its property controlled, and its affairs conducted by or under the direction of the Board of Directors.

Sec. 3. MEETINGS:

(a) Regular meetings of the Board of Directors shall be held immediately preceding and immediately following each Annual Business Meeting of Toastmasters International at the place where such Annual Business Meeting shall be held.

(b) Other meetings of the Board shall be held at such times and places as from time to time may be determined by resolution of the Board, or upon call of the Executive Committee, or upon the request of eight (8) or more directors. Upon receipt of such call or written request, the Executive Director shall give to each director, by first-class mail, telephone (including a voice messaging system), facsimile transmission or other electronic transmission such as e-mail (in compliance with Article XIII, Sec. 9, below), or personal delivery, at least ten (10) days' notice of the date, time, and place of the meeting. The notice shall include a statement of the purposes of the meeting, but the business transacted at such meeting shall not be limited by such statement.

(c) The act of a majority of the directors present at a meeting at which a quorum (as defined in Article XI, Sec. 2) is present shall be the act of the Board of Directors, except as otherwise provided in these Bylaws or in the California Nonprofit Public Benefit Corporation Law. Where the vote of a majority or a greater number "of the Board" is required for a particular action, the vote shall be calculated using the number of directors present at a duly-noticed meeting at which a quorum is present. Where the vote of a majority or a greater number "of the entire Board" is required for a particular action, the vote shall be calculated using the total number of directors then in office. The chair of the meeting may vote at any time.

(d) The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be valid as though taken at a meeting duly held after proper call and notice, if a quorum is present, and if, either before or after the meeting, each of the directors not present provides a written waiver of notice, a consent to holding the meeting, or an approval of the minutes in writing, which may include electronic mail or facsimile transmitted by a director in compliance with Article XIII, Sec. 9, below. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting the lack of adequate notice before the meeting or at its commencement.

(e) A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

(f) Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consents shall be filed with the minutes of the proceedings of the Board. Such written consents shall have the same force and effect as the unanimous vote of such directors. Written consent shall include electronic mail or facsimile transmitted by a director in compliance with Article XIII, Sec. 9, below.

(g) Directors may participate in a meeting through use of conference telephone or electronic video screen communication so long as all directors participating in such meeting can hear one another. Directors may also participate in a meeting through use of electronic transmission from and to the corporation in compliance with Article XIII, Sec. 9, below so long as:

- (1) each director participating in the meeting can communicate with all of the other directors concurrently; and
- (2) each director is provided with the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

Participation in a meeting pursuant to this Paragraph constitutes presence in person at such meeting.

Sec. 4. DUTIES: The Board of Directors shall:

- (a) Devise strategic measures for the growth and development of the organization;
- (b) Direct the conduct of the activities and affairs of the corporation and the exercise of all its corporate powers;
- (c) Appoint an Executive Director and fix compensation for his or her service;
- (d) Obtain the services of a certified public accounting firm to audit the records of the corporation at the close of each fiscal year, and to certify to the Board and to the member clubs a report of the corporation's financial status;
- (e) Appoint standing committees and all other committees not otherwise provided for;
- (f) Adopt by a two-thirds vote of the entire Board, and from time to time revise by a like vote, a manual of policies and procedures containing the Board's major administrative decisions governing the affairs of the corporation; any Board action on governing documents such as these Bylaws, the Articles of Incorporation, and the member Club Constitution shall also require a two-thirds vote of the entire Board;
- (g) Fill any vacancies on the Board of Directors for the unexpired portion of the term vacated (or decide not to do so), except that:
 - (1) a vacancy in the Immediate Past International President's office or the International President-Elect's office shall not be filled,
 - (2) in the event of a vacancy in the International President's office, the Board may choose to leave the position vacant and assign the Immediate Past International President or the International President-Elect, while retaining his or her office, to serve also as Acting International President OR the Board may appoint the International President-Elect to immediately succeed to the position of International President, thereby vacating the office of International President-Elect, and provided that any vacancy shall be filled by a person who has met the qualifications for that position stated in Article IX, Sec. 2, for the preceding twelve (12) months, and further provided that if the number of directors in office is less than a quorum for any reason, vacancies on the Board may be filled in a manner complying with Section 5224 of the California Corporations Code;
- (h) Divide that territory in which member clubs are located into geographic regions, as nearly as possible equal in number of clubs after giving proper consideration to potential growth of the organization and further, to accomplish the staggered terms of international directors, divide the regions into two groups and assign each group to even or odd successive election years in a manner that is reasonably fair and balanced;
- (i) Review the regional boundaries and the regional assignment of undistricted member clubs in 2010, and not more than every three (3) years thereafter, and, by a two-thirds vote of the entire Board, make such revision of regional boundaries and such reassignment of undistricted clubs to regions as may be necessary to provide, insofar as possible without abolishing the contiguousness of the several districts within the respective regions, that the total number of member clubs in each geographic region shall be not more than fifteen percent (15%) of the

total number of member clubs in good standing at the end of the fiscal year immediately preceding any such Board action; and

(j) Conduct the programs, activities, and affairs of the corporation so as to further the charitable and educational purposes of Toastmasters International, to abide by the requirements of law applicable to nonprofit corporations, and to ensure that any management powers delegated to others shall be exercised under the ultimate direction of the Board.

Sec. 5. BOARD ACTIONS ON SHORTER NOTICE: If time does not permit ten (10) days' notice, the International President may call a meeting of the Board on seventy-two (72) hours' notice given personally, by telephone (including a voice messaging system), by facsimile transmission, or by other electronic transmission such as e-mail in compliance with Article XIII, Sec. 9, below. The notice shall state the matter or matters to be considered, but the business transacted at the meeting shall not be limited by such statement.

Sec. 6. EXECUTIVE COMMITTEE:

(a) There shall be an Executive Committee of the Board of Directors, composed of the International President, the International President-Elect, the two (2) vice presidents, the Immediate Past International President, and the Executive Director who shall be an ex officio member without voting rights. In the event of a vacancy in the office of any voting member of the Executive Committee which is not filled by appointment or election of a new officer to fill that vacancy, the Board of Directors shall, by majority vote of the entire Board, select one of the international directors who has served a year on the Board to serve on the Executive Committee until the term of the vacated office expires.

(b) The Executive Committee shall prepare and submit to the Board of Directors a recommended budget showing the amount of anticipated receipts and expenditures for the ensuing fiscal year. The budget, in the form submitted, or as revised by the Board, when adopted by the Board, shall become the financial policy of this corporation for the ensuing fiscal year. This committee shall have such additional powers as the Board from time to time may delegate to it, and between Board meetings shall have the power of the Board to transact business of an urgent nature requiring immediate action, subject to the limitations on powers of committees of the Board stated in Section 5212 of the California Corporations Code.

(c) All actions of the Executive Committee shall require four (4) affirmative votes, which may include the vote of the chair of the meeting. Meetings and actions of the Executive Committee shall be governed by and held and taken in accordance with the provisions of this Article V concerning meetings and actions of the Board of Directors, with such changes in the content of those Bylaws as are necessary to substitute the Executive Committee and its members for the Board of Directors and its members. Minutes shall be kept of each meeting of the Executive Committee and shall be filed with the corporate records. All transactions of the Executive Committee shall be reported in full at the next meeting of the Board of Directors and shall be subject to the approval of the Board.

Sec. 7. STANDARDS OF CONDUCT:

(a) General. A director shall perform the duties of a director, including duties as a member of any Board committee on which the director may serve, in good faith, in a manner such director

believes to be in the best interest of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (1) one or more officers or employees of this corporation whom the director believes to be reliable and competent as to the matters presented;
- (2) counsel, independent accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (3) a Board committee upon which the director does not serve, as to matters within its designated authority, provided that the director believes such committee merits confidence;

so long as in any such case, the director acts in good faith after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

A person who performs the duties of a director in accordance with this Section shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which this corporation, or assets held by it, are dedicated.

(b) Investments. Except with respect to assets held for use or used directly in carrying out this corporation's charitable activities, in investing, reinvesting, purchasing or acquiring, exchanging, selling, and managing this corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income as well as the probable safety of this corporation's capital. No investment violates this Paragraph where it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to this corporation.

(c) Loans. Without the approval of the Attorney General of California, this corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless permitted by Section 5236 of the California Corporations Code; provided, however, that this corporation may advance money to a director or officer of this corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such director or officer so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

(d) Self-Dealing Transactions. The Board of Directors shall not approve, or permit the corporation to engage in, any self-dealing transaction. A self-dealing transaction is a transaction to which this corporation is a party and in which one or more of its directors has a material financial interest, unless the transaction comes within Section 5233(b) of the California Corporations Code.

Sec. 8. TRANSITION PROVISIONS: Regarding Sec. 1 and Sec. 6 above, for the officers' year in office ending in August, 2010, the titles to which they were elected in August, 2009, and their rights and duties

under the prior Bylaws shall remain in place: Senior Vice President, Second and Third Vice President. The new titles set forth above shall be effective with the election of officers held in August, 2010. This Sec. 8 shall be automatically removed from these Bylaws upon the adjournment of the Annual Business Meeting in August, 2010.

Article VI

Officers:

Sec. 1. OFFICERS: The officers of Toastmasters International shall be the International President, the International President-Elect, the First and Second Vice Presidents, the Immediate Past International President, the international directors, the Secretary-Treasurer, the Executive Director, and the district governor for each district of Toastmasters International. All of the officers are subordinate and responsible to the Board of Directors.

Sec. 2. EX OFFICIO OFFICERS: Each past international president of Toastmasters International shall be an ex officio officer, so long as he or she qualifies as a delegate at large under Article III, Sec. 4(b) above.

Sec. 3. SUBORDINATE OFFICERS: The Board of Directors may from time to time appoint and fix the tenure of such subordinate officers, agents, or representatives as the business of the corporation may require.

Sec. 4. INTERNATIONAL PRESIDENT: The International President shall serve as the presiding officer of the Board of Directors and of the Executive Committee, and an ex officio member of all other committees except the International Leadership Committee and the Advisory Committee of Past Presidents. The International President presides at the Annual Business Meeting of Toastmasters International and prior to the opening of that meeting shall appoint such officers and committees as may be required to transact the business of the meeting. The International President shall also have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Sec. 5. INTERNATIONAL PRESIDENT-ELECT, VICE PRESIDENTS:

(a) International President-Elect. The International President-Elect shall perform such duties as usually pertain to this office or as may be assigned by the International President or the Board of Directors, by resolution or through Board-established policies and procedures. The International President-Elect shall assume the duties of the International President to chair the Board of Directors and the Executive Committee if the International President is temporarily absent or unable to act.

(b) First Vice President. The First Vice President shall perform such duties as usually pertain to this office or as may be assigned by the International President or the Board of Directors, by resolution or through Board-established policies and procedures.

(c) Second Vice President. The Second Vice President shall perform such duties as usually pertain to this office or as may be assigned by the International President or the Board of Directors, by resolution or through Board-established policies and procedures.

(d) If the position of the International President, the International President-Elect, or any of the vice presidents is vacated for any reason, or if that officer is absent or unable to act, and prior to the filling of any vacancy in such officer position, the duties of such officer (other than the International President's duties as chair, provided for in (a) above) shall be reassigned to other directors by the Board of Directors or by the Executive Committee.

Sec. 6. EXECUTIVE DIRECTOR: The Executive Director shall be the chief executive officer of this corporation under the supervision of the Executive Committee and the control of the Board; shall be appointed by a two-thirds vote of the entire Board, and may be terminated with or without cause by a majority vote of the entire Board upon reasonable written notice, subject to any rights the Executive Director may have under a written contract of employment, if any. The Executive Director shall perform the duties usually performed by the business manager of a nonprofit corporation; shall give bond for the faithful performance of such duties in such sum and with such sureties as the Board may determine; and shall present such reports to the Board, officers and member clubs as the business of the organization may require. The Board shall prescribe, from time to time, the authority and duties of the Executive Director.

Sec. 7. SECRETARY-TREASURER: The Board of Directors, at its meeting immediately following the Annual Business Meeting, shall appoint an employee of World Headquarters to serve as Secretary-Treasurer of Toastmasters International who shall perform the duties usually performed by the Secretary-Treasurer of a nonprofit corporation without additional compensation for serving in that office.

Sec. 8. COMPENSATION: No officers, except the Executive Director and the Secretary-Treasurer, shall receive any compensation from this corporation.

Sec. 9. TENURE OF OFFICERS AND DIRECTORS:

(a) The terms of office of all members of the Board of Directors elected at any Annual Business Meeting or other voting membership meeting shall commence at the adjournment of such meeting and shall expire at the adjournment of the subsequent Annual Business Meeting at which their successors take office. The International President-Elect shall continue in that office for one (1) year; upon the adjournment of the next Annual Business Meeting he or she shall assume the office of International President and continue in that office for one (1) year; and upon the adjournment of the next following Annual Business Meeting he or she shall assume the office of Immediate Past International President and continue in that office for one (1) year. Each of the two (2) vice presidents shall continue in his or her office for one (1) year. Each of the international directors shall continue in office for two (2) years. All members of the Board of Directors shall serve until their successors are elected or appointed or otherwise take office, or until the director's resignation, death, or removal.

(b) Resignations by directors or other officers shall be effective upon receipt in writing by the Secretary-Treasurer of this corporation, unless a later effective date is specified in the resignation. If a director or other officer is incapacitated but he or she executed an appropriate power

of attorney document prior to becoming incapacitated, the person holding the power of attorney may submit the resignation on behalf of the incapacitated director or other officer.

(c) The voting membership of Toastmasters International (as defined by Article III, Sec. 1, above) may remove any person from his or her position as a director at any time, with or without cause, by majority vote. The Board of Directors by a three-fourths vote of the entire Board may remove any person from his or her position as an officer listed in Sec. 1 of this Article (other than the Executive Director), with or without cause at any time. The Board may, by a three-fourths vote of the entire Board, remove a person from his or her position as a director elected by the voting membership only (1) as provided in Section 5221 of the California Corporations Code; or (2) if the director is not in good standing with Toastmasters International as defined in Article III, Sec. 8, above; or (3) if the director is no longer an active individual member of a member club.

(d) A vacancy shall be deemed to exist on the Board of Directors in the event that the actual number of directors is less than the authorized number for any reason.

Sec. 10. TRANSITION PROVISIONS: The amendments to Article VI set forth above shall be effective for the election of officers and directors held in August, 2010, and thereafter, but not before then. All directors elected to serve terms under the Bylaws prior to these amendments shall complete their terms. At the Annual Business Meeting in August, 2010, international directors from the first group of regions shall be elected to serve a term of two (2) years. In August, 2011, international directors from the second group of regions shall be elected to serve a term of two (2) years. In each year thereafter, elections shall continue to alternate between the two regional groups of international directors elected as provided in Article IX below. Also, at the Annual Business Meeting in August, 2010, an International President shall be elected to continue in that office for one (1) year, and upon the adjournment of the August, 2011, Annual Business Meeting, he or she shall assume the office of Immediate Past International President for one (1) year. This Sec. 10 shall be automatically removed from these Bylaws upon the adjournment of the Annual Business Meeting in August, 2011.

Article VII

Committees:

Sec. 1. FUNCTION AND COMPOSITION OF COMMITTEES: The function of each committee of the Board of Toastmasters International (other than the Executive Committee and the International Leadership Committee) shall be to assist the Board of Directors by studying and reviewing matters within its jurisdiction or specifically assigned to it by the Board, and making recommendations thereon to the Board. The Board of Directors may provide for such committees as it deems necessary or convenient for the proper governance and operation of Toastmasters International. Except as otherwise expressly provided in these Bylaws, the Board of Directors shall determine, for each committee, through policies and procedures: (a) how the committee shall be designated or named; (b) any restrictions or conditions on who shall preside over the committee, including whether such an individual shall be a

member of the Board of Directors; (c) the composition of the committee, including whether a majority of its members shall be members of the Board of Directors; (d) the term in office and process for selecting the presiding officer and the members of the committee and their successors, if any; and (e) the duration of existence of any committee, whether fixed or indefinite. Any committee member may be removed at any time by the Board. Except for committees described in these Bylaws, the Board shall have the power to discontinue any committee. All files and records of all committees shall be the property of Toastmasters International.

Sec. 2. STANDING COMMITTEES: The Standing Committees of the Board shall be the Executive Committee, the International Leadership Committee, and the Advisory Committee of Past Presidents, and such other committees as the Board from time to time may establish. Only the Executive Committee may act with the authority of the Board, as limited by Article V, Sec. 6, Paragraph (b) above. The Board may prescribe policies and procedures for the governance and operation of committees.

Sec. 3. INTERNATIONAL LEADERSHIP COMMITTEE: The International Leadership Committee shall be composed of three (3) past international presidents, one of whom shall be appointed presiding officer; and one (1) individual member of a club from each geographic region who is a past international director or a past district governor; none of whom shall be a member of the Board of Directors nor shall have served on the International Leadership Committee during the preceding two (2) years. No member of this committee shall be eligible for nomination as an officer or director at any election for which the committee is nominating candidates or at any international election held within one (1) year after the end of the committee member's term. Members of this committee shall be appointed by the International President-Elect subject to ratification by the Executive Committee, members may be removed, and vacancies shall be filled, under policies and procedures set by the Board of Directors. It shall be the duty of this committee to review, evaluate and identify leadership development potential and opportunities throughout the organization and to nominate officer and director candidates in the manner and at the times provided in Article VIII of these Bylaws. The members of the International Leadership Committee shall be appointed no later than, and shall commence their service on, September 1 each year. Members of this committee shall be divided into groups corresponding to the two groups of regions, and shall serve staggered terms of two (2) years, except for the past international presidents, who shall serve terms prescribed under policies and procedures set by the Board of Directors.

Sec. 4. ADVISORY COMMITTEE OF PAST PRESIDENTS: The Advisory Committee of Past Presidents shall be composed of all past international presidents of Toastmasters International, with the Immediate Past International President serving as presiding officer. This committee may submit comments and recommendations for the consideration of the Board to the committee representative, the Immediate Past International President.

Sec. 5. TRANSITION PROVISIONS: Regarding Sec. 3, the appointments to the International Leadership Committee prior to the election of an International President-Elect in August, 2010, shall be made as follows:

- (a) to form the Committee nominating directors and officers for election in August, 2010, the International President shall appoint the past international presidents and the Committee members corresponding to the directors to be elected in August, 2010, and the Senior Vice President shall appoint the members corresponding to the directors to be elected in August, 2011, as soon as reasonably practicable after the Annual Business Meeting of August, 2009; and

(b) to form the Committee nominating directors and officers for election in August, 2011, the Senior Vice President shall appoint the past international presidents and the Committee members corresponding to the directors to be elected in August, 2012, such appointments to be made in February, 2010, for service beginning September 1, 2010; under transitional policies and procedures set by the Board of Directors. This Sec. 5 shall be automatically removed from these Bylaws upon the adjournment of the Annual Business Meeting in August, 2010.

Article VIII

Nominations:

Sec. 1. INTERNATIONAL PRESIDENT AND VICE PRESIDENTS: The International Leadership Committee shall nominate each year, under policies and procedures set by the Board of Directors, at least one (1) candidate and not more than two (2) candidates for each of the offices of International President-Elect, First Vice President, and International President if there is no International President-Elect to succeed to that office. A second nominee for the office of First Vice President must be named, if so desired, by one-third of the members of the Committee. At least two (2) candidates and not more than three (3) candidates shall be nominated for the office of Second Vice President. The report of the Committee shall be published in the Toastmaster magazine at least sixty (60) days prior to the Annual Business Meeting, and shall also be presented to the meeting in written form prior to the election of officers.

Sec. 2. DIRECTORS: The International Leadership Committee shall nominate, for each geographical region that has a director's term expiring in that year, under policies and procedures set by the Board of Directors, two (2) or three (3) candidates for election to the Board of Directors, but may nominate one (1) candidate only if no other willing and able candidate can reasonably be found.

Sec. 3. NOMINATIONS FROM THE FLOOR: Nominations made by the International Leadership Committee shall be effective when officially announced by the International Leadership Committee. Additional nominations of qualified officer and director candidates may also be made from the floor at the Annual Business Meeting, with the consent of the persons so nominated.

Sec. 4. TRANSITION PROVISIONS: Regarding Sec. 2, those nominated for election at the Annual Business Meetings shall be: in August, 2010, international directors from the first group of regions for a term of two (2) years; in August, 2011, international directors from the second group of regions for a term of two (2) years. Thereafter, nominations for international directors shall continue to alternate between the two groups of regions each year. This Sec. 4 shall be automatically removed from these Bylaws upon the adjournment of the Annual Business Meeting in August, 2011.

Article IX

Elections:

Sec. 1. TIME: The International President-Elect, the two (2) vice presidents, the international directors from one of the two groups of the regions, and the International President if there is no International President-Elect to succeed to that office, shall be elected at each Annual Business Meeting.

Sec. 2. QUALIFICATIONS:

(a) All persons elected under Article IX, Sec. 1, above, must be in good standing with Toastmasters International under Article III, Sec. 8, of these Bylaws and must be active individual members in a member club at the time of their election and throughout their terms of office.

(b) No person shall be elected International President-Elect or International President unless at the time of election that person shall have served at least one complete term as a vice president. No person shall be elected a vice president unless at the time of election that person shall have served a two-year term on the Board of Directors. Any qualified person may stand for election to one, and only one, of said offices at any Annual Business Meeting. No person shall be elected to any of the other director positions unless at the time of election that person either (1) shall have served an entire term as a district governor or (2) shall have served as the chairman or chief officer of a non-district administrative unit during the entire administrative year immediately before the unit became a district or provisional district or shall have served as such officer and as district governor during the entire administrative year in which the unit became a district or provisional district.

(c) There shall be one (1) international director from each of the geographic regions. An international director candidate must have been an active member of a Toastmasters club in good standing in the region from which the candidate is nominated during the entire 12-month period immediately preceding such candidate's nomination by the International Leadership Committee or at the Annual Business Meeting. For the purpose of determining the qualifications of directors, the club and geographic region of each director at the time of election shall be considered unchanged during the entire term of office, notwithstanding any change of residence a director may make during such term or boundary revision.

(d) The International President, International President-Elect and vice presidents shall not be elected to succeed themselves in the same office. Any of the other directors may be elected International President, International President-Elect or a vice president after serving a two-year term on the Board, but may not otherwise be re-elected to the Board of Directors.

Sec. 3. BALLOTING: The ballots used at the Annual Business Meeting shall contain the names of the candidates, listed in alphabetical order by offices and by geographic regions, with an equal number of blank spaces for use in the event of nominations from the floor. The voting members of Toastmasters International shall vote, and the election shall be conducted, in the manner provided in Article X, under policies and procedures set by the Board of Directors. A majority of all votes cast shall be required for the election of the International President-Elect, each of the two (2) vice presidents, the International President if applicable, and each of the international directors. In the event any ballot cast does not show

a majority for any nominee for any of those offices, there shall be further balloting for that office. Prior to the second ballot, the nominee having the lowest vote on the first ballot shall be dropped, and on each succeeding ballot the same procedure shall be followed until a nominee shall have received a majority of all votes cast. In case of a tie between two remaining nominees, the election shall be decided by lot. Cumulative voting is not permitted.

Sec. 4. MANNER OF HOLDING ELECTIONS: The date, time, and place of the Annual Business Meeting of the voting membership of this corporation shall be set by the Board of Directors. The Board may also call a special meeting of the voting membership if the Board decides that such a meeting is in the best interests of the corporation, under policies and procedures set by the Board. In the event that an Annual Business Meeting cannot be held during any year because of a national emergency, international crisis, or other reason, or in the event that a quorum is not present at any Annual Business Meeting, that year's election of officers and directors shall be conducted by mail vote under policies and procedures set by the Board. Any policies and procedures adopted by the Board under this Section shall comply with the California Nonprofit Public Benefit Corporation Law.

Sec. 5. TRANSITION PROVISIONS: Regarding Sec. 1, at the Annual Business Meeting in August, 2010, international directors shall be elected from the first of the two groups of regions for a term of two (2) years and, in August, 2011, from the second group of regions for a term of two (2) years. This Sec. 5 shall be automatically removed from these Bylaws upon the adjournment of the Annual Business Meeting in August, 2011.

Article X

Annual Business Meeting:

Sec. 1. VOTING BY MEMBER CLUBS: Each member club in good standing with Toastmasters International on the record date established by Article X, Sec. 8, shall be entitled to two (2) votes at the Annual Business Meeting, which shall be cast by the club's duly authorized delegate or alternate if the club wishes to be considered present and voting at the meeting. Delegates and alternates must be in good standing with Toastmasters International under Article III, Sec. 8, of these Bylaws. Any other individual member of any club may attend the Annual Business Meeting as a nonvoting observer.

Sec. 2. PROXIES: Any member club, if unrepresented at the Annual Business Meeting by a delegate or alternate from among its own active individual members, may designate as its proxyholder, in writing, any active individual member of any other member club. Upon presentation of proper credentials, such proxyholder shall have the right to vote for the club represented in addition to any other right to vote which such proxyholder may have. All forms of proxy designation must conform to policies and procedures set by the Board of Directors in compliance with the California Nonprofit Public Benefit Corporation Law. All proxyholders must be in good standing with Toastmasters International under Article III, Sec. 8, of these Bylaws.

Sec. 3. CREDENTIALS: The authority of each delegate and alternate shall be evidenced by a certificate signed by the president or secretary of the member club. The authority of a proxyholder shall be evidenced by a certificate signed by the president or secretary of the club represented by proxy. All certificates must be presented to the credentials committee at the Annual Business Meeting to entitle delegates, alternates, and proxyholders to participate in and vote at the meeting. All certificates shall be on forms furnished by the Executive Director, under the authority and supervision of the Board of Directors.

Should the credentials committee report adversely on any certificate, the person named therein shall have the right to appeal to the Annual Business Meeting. The majority decision of the votes cast on the appeal to the Annual Business Meeting shall be final, with those votes in question not being exercised.

Sec. 4. VOTING BY DELEGATES AT LARGE: Each delegate at large, as defined in Article III, Sec. 1, Paragraph (b), in good standing with Toastmasters International on the record date established by Article X, Sec. 8, shall be entitled to one (1) vote at any Annual Business Meeting at which he or she is present. Delegates at large may not vote by proxy.

The authority of each delegate at large shall be evidenced by a credential certificate on a form furnished by the Executive Director, under the authority and supervision of the Board of Directors.

Sec. 5. RESOLUTIONS:

(a) For proposed amendments to the Articles of Incorporation, these Bylaws, or the member Club Constitution, a proposed resolution embodying the same must be presented in writing to and received by the Board of Directors no later than December 31 before the Annual Business Meeting, except for matters submitted by the Board of Directors, reports of other officers, and courtesy resolutions of thanks and appreciation, or unless otherwise ordered by the Board or by unanimous consent of the Annual Business Meeting. Resolutions shall be in substantially the following form: "The Annual Business Meeting of Toastmasters International hereby RESOLVES that..." Bylaw amendment resolutions are subject to additional requirements set forth in Article XIV of these Bylaws. No proposed amendment to the Articles of Incorporation shall be submitted to the voting members without first receiving approval by the Board of Directors.

(b) No other matter shall be acted upon by the Annual Business Meeting unless a proposed resolution embodying the same shall have been presented in writing to the Board of Directors by December 31 before the Annual Business Meeting. Resolutions shall be in substantially the following form: "RESOLVED that the Annual Business Meeting of Toastmasters International recommends to the Board of Directors that..."

(c) The Board shall make its recommendations on those resolutions that proceed to the Annual Business Meeting for such action as the voting membership of this corporation may determine. Any resolution not presented in writing to the Board in full compliance with this Section will not be eligible for submission and shall not be submitted to the Annual Business Meeting unless the Board, in its sole discretion, decides to handle the resolution otherwise.

(d) Any motion or resolution to suspend the rules at the Annual Business Meeting shall require a two-thirds vote of the votes cast in person (or, in the case of member clubs, by proxy), and shall not operate to suspend or set aside any provision of these Bylaws except by unanimous consent.

Sec. 6. VOTING: Voting at the Annual Business Meeting shall be limited to accredited delegates representing member clubs or their alternates, proxyholders for clubs, and delegates at large.

Voting may be by ballot or voice vote, as called for by the presiding officer, except that elections of officers and directors shall be by secret ballot, unless a secret ballot is dispensed with by unanimous vote of the voting membership. If the secret ballot is dispensed with in the case of an unopposed candidate, the secretary of the meeting may be instructed to vote a single ballot for that candidate.

Every decision or act made or done by a majority of the votes cast in person (or, in the case of member clubs, by proxy) at an Annual Business Meeting or other duly held meeting of the voting membership at which the required quorum is present, is the act of the members, unless the law, the Articles of Incorporation of this corporation, or these Bylaws require a greater number.

Sec. 7. NOTICE: The Executive Director shall give or cause to give notice of each meeting of the voting membership, including the Annual Business Meeting, to each voting member who, as of the record date for notice of the meeting (see Article X, Sec. 8), would be entitled to vote at such meeting. The notice shall be given, addressed to the last address provided by the voting member to this corporation for purposes of notice, either personally or by telegram, telephone, facsimile transmission, or mail not less than twenty (20) nor more than ninety (90) days before the date of such meeting.

The notice shall state the place, date, and time of the meeting and (a) in the case of special meetings, the general nature of the business to be transacted, and no other business may be transacted; or (b) in the case of the Annual Business Meeting, the names of all those who are nominees for officer and director positions as of the date of the notice, and those matters which the Board, as of the date of the notice, intends to present for action by the voting members, but any proper matter may be presented at the Annual Business Meeting for such action.

Unless the vote of the voting membership is unanimous, any of the following votes shall be valid only if the general nature of the action approved was stated in the notice of the meeting at which the vote occurred: (a) to remove a director without cause; (b) to fill a vacancy on the Board of Directors; (c) to amend this corporation's Bylaws; (d) to amend this corporation's Articles of Incorporation; or (e) to voluntarily dissolve this corporation.

Sec. 8. RECORD DATES: A voting member holding a membership as of the close of business on the record date shall be deemed a voting member of record. The record date for the purpose of determining which voting members are entitled to notice of the Annual Business Meeting or any other voting members' meeting shall be the ninetieth day before the date of the meeting. The record date for the purpose of determining which voting members are entitled to vote at the Annual Business Meeting or any other voting members' meeting shall be the seventh day before the date of the meeting. Record dates for any other purpose shall be set by the Board of Directors in accordance with the California Nonprofit Public Benefit Corporation Law.

Article XI

Quorum:

Sec. 1. ANNUAL BUSINESS MEETING, SPECIAL MEETINGS, MAIL VOTES:

(a) Both one-third of all the votes held by voting members of Toastmasters International, and one-third of the member clubs, represented either in person or by delegates, alternates, or (in the case of member clubs) proxyholders, shall be required to constitute a quorum for the transaction of business at the Annual Business Meeting, at special meetings of the voting membership, and for mail votes of the voting membership.

(b) A meeting at which the required quorum is initially present may continue to transact business notwithstanding the withdrawal of enough voting members or member clubs to leave less than the required quorum, so long as any action taken thereafter is approved by at least a majority of both required quorum numbers of votes held by voting members and member clubs.

Sec. 2. BOARD OF DIRECTORS: A majority of the authorized number of directors, which must include the International President, the International President-Elect, or a vice president, shall constitute a quorum at any meeting of the Board of Directors.

Sec. 3. COMMITTEES: A majority of the members of any standing or other Board committee shall constitute a quorum, except that a quorum for the Executive Committee shall be four (4) of the five (5) members who have voting rights.

Article XII

Districts:

Sec. 1. HOW ESTABLISHED: For the purpose of efficient administration, the Board of Directors of Toastmasters International is authorized to divide the territory covered by member clubs into districts, or form new districts and establish the boundaries thereof. Each district shall be designated by a number. Each district shall be divided into areas, each under the direction of an area governor. The district may organize areas together into divisions, each under the direction of a division governor. Each district shall abide by the District Administrative Bylaws issued, and modified from time to time, by the Board of Directors.

Sec. 2. HOW FINANCED: District expenses shall be paid, subject to the approval of the Board of Directors, out of Toastmasters International funds authorized by the Board for district activities and operations in accordance with district expense policies and procedures adopted by the Board. No district, area, or division officer shall receive a salary or other compensation, but may receive

reimbursement for travel and other expenses incurred on behalf of Toastmasters International, as set forth in the district expense policies and procedures.

Sec. 3. HOW ADMINISTERED:

(a) District Officers. The elective officers of each district shall be a district governor, a lieutenant governor education and training, a lieutenant governor marketing and such other elective or appointive officers as the District Administrative Bylaws may provide. Appointive officers shall be appointed by and shall serve at the will of the district governor, subject to the approval of the district council. Division and area governors, elected or appointed, are also district officers. The terms of all district officers shall commence on July 1 at 12:01 a.m. and terminate on June 30 at midnight. All district officers must be active individual members of member clubs and must be in good standing with Toastmasters International under Article III, Sec. 8, above.

(b) Division and Area Officers. Each division of a district shall be presided over by a division governor. Each division governor may appoint individual members of clubs within the division to serve as division assistants. Each area of a district shall be presided over by an area governor. Each area governor may appoint individual members of clubs within the area to serve as area assistants.

(c) District Council. The district council shall consist of the district officers, immediate past district governor and two (2) representatives from each member club in the district. The district council shall hold at least two (2) meetings a year, one (1) of which shall be the Annual Meeting held before June 1 for the election of district officers.

(d) Duties of Officers. Although the district governor shall report to and take direction from the district council in matters pertaining to district organization, programs, and procedures, the district governor, as an officer of this corporation, is ultimately responsible to the Board of Directors of Toastmasters International for the exercise of his or her powers and duties. A lieutenant governor shall perform the duties of the district governor in the event of his or her absence, and such other duties as the district governor shall designate. The division governor shall be responsible to the district governor or his or her designee, shall represent the district governor within the division, and shall uphold and promote the purposes of Toastmasters International in the division. The area governor shall be responsible to the district governor or his or her designee, shall represent the district governor within the area, and shall uphold and promote the purposes of Toastmasters International in the area.

(e) Legal Status of Districts, Divisions, and Areas. Districts, divisions, and areas are integral parts of Toastmasters International, a California nonprofit public benefit corporation, and, as administrative units of that corporation, their activities and affairs shall be managed, and their powers exercised, under the ultimate direction of the Board of Directors of Toastmasters International. The powers and duties delegated by the Board to district councils and to district, division, and area officers, and their terms of service, are subject at all times to the ultimate authority of the Board. Districts are not independent or autonomous legal entities, and district governors are officers of this corporation.

Sec. 4. MEETINGS: An annual conference shall be held by the district for the purpose of promoting the interests of Toastmasters International and improving the efficiency of the local member clubs, provided that such conference shall be held at such time as will not conflict with the dates of the Annual Business Meeting and Convention of Toastmasters International.

Article XIII

Miscellaneous:

Sec. 1. EMBLEM: The emblem of Toastmasters International shall be circular in design bearing the words “Toastmasters International” around its border, and in the center the replica of the hemisphere of the earth, and superimposed thereon the letter “T.”

Sec. 2. SEAL: The seal of the corporation shall bear the inscription: “Toastmasters International Incorporated California 1932.”

Sec. 3. EMBLEMS, MARKS AND COPYRIGHTS: Ownership of the emblem, the insignia, and all other trademarks, service marks, trade names, and copyrights created or obtained by Toastmasters International shall be vested irrevocably in Toastmasters International, its successors or assigns.

Sec. 4. INSIGNIA: The insignia of Toastmasters International may be worn by any individual member of a member club, so long as the person is in good standing with this corporation under Article III, Sec. 8, above. No one shall have the right to produce or have produced for distribution to others articles bearing the name, emblem, insignia, or other mark of Toastmasters International or any colorable imitation thereof, except by official designation from the Board of Directors of Toastmasters International.

Sec. 5. RULES OF ORDER:

(a) Robert’s Rules of Order Newly Revised shall be the final authority as to parliamentary procedure, insofar as they do not conflict with any provisions of the Articles of Incorporation, these Bylaws, policies and procedures adopted by the Board of Directors or the voting membership, or laws applicable to nonprofit corporations.

(b) A parliamentarian may be appointed by the International President at each meeting of the Board or of the voting membership.

Sec. 6. INDEMNIFICATION AND INSURANCE:

(a) Right of Indemnity. To the fullest extent allowed by Section 5238 of the California Corporations Code, this corporation shall indemnify and advance expenses to its agents, in connection with any proceeding, and in accordance with Section 5238. For purposes of this Article, “agent” shall have the same meaning as in Section 5238(a), including this corporation’s directors, officers, employees, other agents, and persons formerly occupying such positions; “proceeding” shall have the same meaning as in Section 5238(a), including any threatened action or investigation under Section 5233 or brought by the Attorney General; and “expenses” shall have the same meaning as in Section 5238(a), including reasonable attorneys’ fees.

(b) Approval of Indemnity. On written request to the Board of Directors in each specific case by any agent seeking indemnification, to the extent that the agent has been successful on the merits, the Board shall promptly authorize indemnification in accordance with Section 5238(d). Otherwise, the Board shall promptly determine, by a majority vote of a quorum consisting of

directors who are not parties to the proceeding, whether, in the specific case, the agent has met the applicable standard of conduct stated in Section 5238(b) or Section 5238(c), and, if so, shall authorize indemnification. If the Board cannot do so because there is no quorum of directors who are not party to the proceeding for which indemnification is sought, the Board shall promptly call a meeting of the voting members. At that meeting, the voting members shall determine whether, in the specific case, the applicable standard of conduct stated in such Section has been met, and, if so, the voting members shall authorize indemnification.

(c) Advancing Expenses. To the fullest extent allowed by Section 5238 of the California Corporations Code, and except as otherwise determined by the Board of Directors in specific instances, the Board shall authorize the advance of expenses incurred by or on behalf of an agent of this corporation in defending any proceeding prior to final disposition, if the Board finds that:

- (1) the requested advances are reasonable in amount under the circumstances; and
- (2) before any advance is made, the agent will submit a written undertaking satisfactory to the Board to repay the advance unless it is ultimately determined that the agent is entitled to indemnification for the expenses under this Section.

Unless the Board finds compelling reasons to do otherwise, the undertaking shall be unsecured, and no interest shall be charged on the obligation created thereby.

(d) Insurance. The Board of Directors may adopt a resolution authorizing the purchase of insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, and such insurance may provide for coverage against liabilities beyond this corporation's power to indemnify the agent under law.

Sec. 7. CONTRACTS, NOTES, AND CHECKS: All contracts entered into on behalf of this corporation, and, except as otherwise provided by law, every check, draft, promissory note, money order, or other evidence of indebtedness of this corporation, including its districts, shall be signed only by that person or those persons on whom such power has been conferred by the Board of Directors.

Sec. 8. ANNUAL REPORTS TO DIRECTORS AND VOTING MEMBERSHIP: Within 120 days after the end of this corporation's fiscal year, the Board shall furnish a written report to all of the directors and to the voting members containing the following information:

- (a) the assets and liabilities, including the trust funds of this corporation, as of the end of the fiscal year;
- (b) the principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) the revenue or receipts of this corporation, both unrestricted and restricted for particular purposes, for the fiscal year;
- (d) the expenses or disbursements of this corporation, for both general and restricted purposes, for the fiscal year; and
- (e) any information required by Section 6322 of the California Corporations Code.

The foregoing report shall be accompanied by any report thereon of independent accountants.

Sec. 9. ELECTRONIC TRANSMISSIONS: Unless otherwise provided in these Bylaws, and subject to policies and procedures approved by the Board from time to time, the terms “written” and “in writing” as used in these Bylaws include any form of recorded message in the English language capable of comprehension by ordinary visual means, and may include electronic transmissions, such as facsimile or e-mail, provided (i) for electronic transmissions from the corporation, the corporation has obtained an unrevoked consent from the recipient to the use of such means of communication; (ii) for electronic transmissions to the corporation, the corporation has in effect reasonable measures to verify that the sender is the individual purporting to have sent such transmission; and (iii) the transmission creates a record that can be retained, retrieved, reviewed, and rendered into clearly legible tangible form.

Article XIV

Amendments:

Sec. 1. WITH NOTICE: These Bylaws may be amended at any Annual Business Meeting or special meeting of Toastmasters International by a two-thirds vote of the votes cast in person or (in the case of member clubs) by proxy. Proposed amendments may be placed before the voting membership as follows:

(a) Proposed amendments may be submitted by the Board of Directors to the voting membership of Toastmasters International at any time up to sixty (60) days before the Annual Business Meeting or special meeting at which they will be considered.

(b) Proposed amendments may also be submitted by voting members to the Annual Business Meeting of Toastmasters International in the following manner: Proposed amendments must be presented in writing to and received by the Board of Directors no later than December 31 before the Annual Business Meeting at which they are to be submitted, in compliance with Article X, Sec. 5, above. If the amendment is proposed by one or more member clubs, each club shall have approved the proposed amendment by the vote of at least two-thirds of the active individual members of the club present and voting at a club business meeting at which a quorum is present; such approval shall be evidenced by a certificate containing the proposed amendment signed by all the active individual club members who voted to approve the proposed amendment. If the amendment is proposed by a delegate at large, such proposal shall be evidenced by a certificate containing the amendment and bearing the signature of the delegate at large. Each proponent shall submit such a certificate to the Board of Directors no later than the December 31 deadline. The proposed amendment shall be placed before the voting members of Toastmasters International only if the proposed amendment and certificate(s) are presented to and received by the Board no later than December 31 and one of the following conditions is met:

- (1) The Board of Directors votes to place the proposed amendment before the voting membership; or
- (2) The amendment is proposed by at least one percent (1%) of all the votes held by the voting membership of Toastmasters International; or

- (3) (i) the proponent(s) of the amendment agree to bear the full reasonable administrative cost to Toastmasters International of submitting the proposed amendment to the voting membership for a vote; and
- (ii) no other Bylaw amendment proposed by any proponent of the amendment shall be placed before the voting membership at the same meeting; and
- (iii) if an amendment on substantially the same subject has been voted on by the voting membership within five (5) calendar years before the meeting at which the amendment will be submitted, such prior proposed amendment shall have received no less than thirty percent (30%) of the votes cast;

provided that no proposed amendment shall be placed before the voting members if it has been rendered moot; substantially duplicates or is encompassed by another proposed amendment at the same meeting; is illegal; is designed to further a personal claim, grievance, or interest; is beyond the power of this corporation to effectuate; or is not a proper subject for Bylaws under California law.

(c) Notice of any proposed amendments to be submitted to the voting membership of Toastmasters International for a vote shall be mailed by the Executive Director to each voting member at least sixty (60) days before the meeting, together with any recommendation of the Board of Directors thereon. Any such recommendation shall also be presented to the voting members at the meeting before the vote is taken on the proposed amendments. No amendments to the proposed amendment may be made during the meeting, nor at any time after sixty (60) days prior to the meeting.

(d) Any amendment to these Bylaws which would materially and adversely affect the rights of either the member clubs as a class, or the delegates at large as a class, as to voting or transfer of membership rights, in a manner different than such amendment affects the other class, shall require the approval of a two-thirds vote of the class affected, based on the number of votes from that class cast in person or (in the case of member clubs) by proxy.

(e) In the event of two or more Bylaw amendment proposals presented to the same meeting of members, which the Board determines to be in conflict with each other, only the proposal receiving the highest majority of votes cast shall be adopted.

Sec. 2. WITHOUT NOTICE: These Bylaws may be amended at any voting membership meeting by a unanimous vote of the voting membership without previous notice.

Glossary of Governing Documents

The following glossary collects definitions found throughout the governing documents for convenient reference. However, this glossary does not contain every term used in the governing documents, nor are these summary definitions intended to substitute for the full definitions given in the governing documents themselves. If any question should arise concerning the definition of any term in this glossary, the reader is advised to consult the governing documents. Nothing in this glossary shall be considered in legally or judicially construing the meaning of any term in the governing documents.

Annual Business Meeting: The regular yearly meeting of the voting members of Toastmasters International, held during the International Convention, for the election of officers and directors and the conduct of other corporate business. See TI Bylaws, Articles IX and X.

Areas: Administrative units within each district of Toastmasters International, each of which is under the direction of an area governor. The district may organize areas together into divisions.

Articles of Incorporation: The Amended and Restated Articles of Incorporation of Toastmasters International, as filed with the California Secretary of State.

Board or Board of Directors: The Board of Directors of Toastmasters International, a California non-profit public benefit corporation, consisting of not less than 17 and not more than 25 voting directors, with the exact number set from time to time by the Board of Directors. The Bylaws specify that the directors are the International President, the International President-Elect, the First and Second Vice Presidents, the Immediate Past International President, and one international director from each geographic region. The Executive Director of Toastmasters International normally attends and participates in meetings of the Board of Directors but is not a director with voting privileges. (This will be the configuration of the Board in 2011, when the transition to worldwide regions is complete.) See TI Bylaws, Article V, Sec. 1.

Bylaws: Depending on the context, either: (1) the Bylaws of Toastmasters International, a California nonprofit public benefit corporation; or (2) the Standard Club Bylaws for member clubs.

Charter: A document issued by World Headquarters and signed by the International President and the Executive Director that commences membership in Toastmasters International of a member club.

Clubs or Member Clubs: Groups which have subscribed to the purposes and ideals of Toastmasters International and have been granted a charter and continue to function in compliance with the conditions set forth in the Articles of Incorporation, the Bylaws, the Club Constitution, the policies and procedures established by the Board of Directors, and the decisions of the Board and its authorized agents and representatives. Clubs are private unincorporated associations, existing as legal entities separate from, but affiliated with, Toastmasters International. See TI Bylaws, Article III.

Constitution or Club Constitution: Toastmasters Club Constitution for member clubs of Toastmasters International, which is standard for all clubs and must be adopted by a club in order to become a member club within Toastmasters International.

Corporation, this or the: Toastmasters International, a California nonprofit public benefit corporation.

Delegates and Alternates: Individuals, from among a member club's active individual members, duly authorized by the club to cast the club's two votes at the Annual Business Meeting. Delegates and alternates must be in good standing with Toastmasters International. Other individual members of a club who attend the Annual Business Meeting do so as nonvoting observers. See TI Bylaws, Article X, Sec. 1.

Delegates at Large: The Toastmasters International President, the International President-Elect, the vice presidents, the international directors, past international presidents, past international directors, and district governors, subject to the conditions of membership stated in the Bylaws, each entitled to cast a single vote if present at the Annual Business Meeting. See TI Bylaws, Article III, Sec. 1(b), and Article X, Sec. 4.

Designated Representative: The person (generally, the president of a member club) through whom a member club exercises its rights and obligations as a voting corporate member of Toastmasters International. See TI Bylaws, Article III, Sec. 9.

Director: A voting member of the Board of Directors of Toastmasters International.

Disciplinary Proceedings: Proceedings in which the Board of Directors may terminate or suspend a member club or a delegate at large, or may suspend, remove, or take other action with respect to the good standing of an individual member of a club. See TI Bylaws, Article III, Sec. 13.

District Administrative Bylaws: The central document governing administration of the districts of Toastmasters International, issued and modified from time to time by the Board of Directors.

Districts: Administrative units of Toastmasters International, organized based on the territory covered by groups of adjacent member clubs, whose boundaries are established and modified subject to the approval of the Board of Directors. Each district is designated by a number. Each district is divided into areas, and in some districts, areas are organized together into divisions. Districts are governed by the District Administrative Bylaws and are not independent or autonomous legal entities. See TI Bylaws, Article XII.

Divisions: Administrative units into which some districts of Toastmasters International are divided, each under the direction of a division governor and consisting of a number of adjacent areas.

Dues: Depending on the context, either (1) the dues paid by individual members to the clubs to which they belong, or (2) the per capita dues paid by the member clubs twice yearly to Toastmasters International, which are set by a two-thirds vote of the entire Board of Directors from time to time. See TI Bylaws, Article III, Sec. 12, and Article IV, Sec. 2.

Executive Committee: Depending on the context, any of the following: (1) The Executive Committee of the Board of Directors, which exercises the power of the Board in some circumstances, and consists of the International President, the International President-Elect, the two Vice Presidents, the Immediate Past International President, and the Executive Director (as an ex officio member without voting rights); or (2) the executive committee of a district of Toastmasters International, consisting of the district governor, the lieutenant governor education and training, the lieutenant governor marketing, the

public relations officer, the district secretary, the district treasurer, the area governors, and any division governors, together with the immediate past district governor; or (3) the executive committee of a member club, consisting of the officers of the club named in the Club's Constitution; e.g., a club president, a vice president education, a vice president membership, a vice president public relations, a club secretary, a club treasurer (or a club secretary/treasurer), a sergeant at arms, and the immediate past club president. See TI Bylaws, Article V, Sec. 6.

Executive Director: The Executive Director of Toastmasters International, who is the chief executive officer of the corporation under the supervision of the Executive Committee and the control of the Board of Directors and is appointed by the Board of Directors. See TI Bylaws, Article VI, Sec.6.

Ex Officio: Used in the Bylaws to indicate that an individual participates on a board or committee by virtue of holding a position with Toastmasters International (e.g., the Executive Director), but is not a legal member of that board or committee and has no voting rights.

Good standing of individual members of clubs: Membership status required in order for individual members of clubs to vote at the club level or otherwise participate in Toastmasters International activities open to individual members of clubs. Good standing is presumed on initial admission of an individual member into a club, and thereafter continues so long as the individual remains a member of the club, the club is not suspended or terminated, the club pays when due the fees and payments relating to such member, the club continues to recognize the individual as a member in good standing of the club, and the individual member has not been suspended or removed from good standing with Toastmasters International by action of at least a three-fourths majority of the Board of Directors. See TI Bylaws, Article III, Sec. 8.

Indemnification: The general requirement for Toastmasters International to advance and to pay the expenses (for example, attorney's fees, fines, and settlements) of directors, officers, employees, and other agents that result from judicial or administrative proceedings relating to the person's role with Toastmasters International. See Article XIII, Sec. 6.

Individual members of clubs: Persons who are members of clubs that are members of Toastmasters International. The legal term "member" is a designation which is limited to the member clubs themselves and delegates at large. See TI Bylaws, Article III, Sec. 1.

International President: The President of Toastmasters International, who is the presiding officer of the corporation and an ex officio member of most corporate committees and who presides over the Executive Committee, the Board of Directors, and the Annual Business Meeting. Upon the expiration of his or her one-year term, the International President automatically assumes the office of Immediate Past International President. See TI Bylaws, Article VI, Sec. 4 and Sec. 9.

International President-Elect: The International President-Elect assumes the duties of the International President to chair the Board of Directors and the Executive Committee if the International President is temporarily absent or unable to act. Upon the expiration of his or her one-year term, the International President-Elect automatically assumes the office of International President. The International President-Elect is elected by the members. See TI Bylaws, Article VI, Sec. 5(a) and Sec. 9, and Article IX.

Member, Membership: The voting members of the corporation Toastmasters International under Section 5056 of the California Corporations Code. Individuals who join Toastmasters clubs may be referred to informally as “members” in various documents, but the voting corporate members with full rights under California law and the governing documents of Toastmasters International are only the member clubs and delegates at large. Gavel clubs and other entities and programs that Toastmasters International may establish from time to time are not corporate members. See TI Bylaws, Article III, Sec. 1.

Nondiscrimination: The policy of Toastmasters International not to discriminate, in the conduct of its programs and activities, against any person on the basis of age (except those persons under 18 years of age), race, color, creed, gender, national or ethnic origin, sexual orientation, or physical or mental disability, so long as the individual, through his or her own effort, is able to participate in the program or activity. See TI Bylaws, Article III, Sec. 7.

Officers: Depending on the context, the officers of: (1) Toastmasters International, who are the International President, the International President-Elect, the First and Second Vice Presidents, the Immediate Past International President, the international directors, the Secretary-Treasurer, the Executive Director, and the district governor for each district of Toastmasters International; or (2) a district of Toastmasters International, who are the district officers, consisting of the district governor, the Lt. governor education and training, the Lt. governor marketing, the public relations officer, the district secretary, the district treasurer, area governors, and possibly including division governors at the discretion of the district council (each past district governor shall be an ex officio officer of the district); or (3) a member club of Toastmasters International, who are a club president, a vice president education, a vice president membership, a vice president public relations, a club secretary, a club treasurer (or a club secretary/treasurer), a sergeant at arms, and the immediate past club president. See TI Bylaws, Article VI and Article XII, Sec. 3.

Policies and Procedures: The major administrative decisions governing the affairs of the organization, known as “policies and procedures,” are adopted and revised by a two-thirds vote of the entire Board of Directors of Toastmasters International. See TI Bylaws, Article V, Sec. 4(f).

Proxy: A person designated by a member club to exercise that member’s right to vote at a meeting pursuant to a proxy designation that conforms to policies and procedures set by the Board of Directors. Any member club, if unrepresented at the Annual Business Meeting by a delegate or alternate from among its own active individual club members, may designate as its proxyholder, in writing, any active individual member in good standing of any other member club. Upon presentation of proper credentials, the proxyholder has the right to vote for the club represented in addition to any other right to vote which the proxyholder may have. See TI Bylaws, Article X, Sec. 2.

Quorum: The minimum number of the members required to be present for a meeting to legally transact business. The Bylaws of Toastmasters International contain an Article stating the quorum requirements for the Annual Business Meeting and other member meetings, for the Board of Directors, and for Board committees. The District Administrative Bylaws and Club Constitution also contain quorum requirements for meetings at the district and club levels. See TI Bylaws, Article XI.

Record Dates: Different dates used for determining voting membership rolls for certain purposes. Under the Bylaws of Toastmasters International, a member holding a membership as of the close of business on the record date is deemed a voting member of record. The record date to determine which

members are entitled to notice of a members' meeting is the ninetieth day before the date of the meeting. The record date to determine which members are entitled to vote at a members' meeting is the seventh day before the date of the meeting. See TI Bylaws, Article X, Sec. 8.

Regions: Geographic areas representing the territory of groups of member clubs, the boundaries of which may be modified from time to time by a two-thirds vote of the entire Board of Directors. Each region should have as nearly as possible an equal number of clubs, and no region should have more than 15% of the total number of member clubs in good standing at the end of the fiscal year immediately preceding any modification. See TI Bylaws, Article V, Sec. 4(h) and 4(i).

Secretary-Treasurer: The Board of Directors, at its meeting immediately following the Annual Business Meeting, shall appoint an employee of World Headquarters to perform, for one-year terms, the duties usually performed by the secretary and treasurer of a nonprofit corporation. Such duties include supervising the keeping of the minute books of Toastmasters International and supervising the charge and custody of all funds of the organization and the maintenance of correct accounts of the organization's properties and business transactions. The Secretary-Treasurer does not receive additional compensation for serving in that office. See TI Bylaws, Article VI, Sec.7.

Standing Committees: Depending on the context, any of the following: (1) the Executive Committee, the International Leadership Committee, and the Advisory Committee of Past Presidents, and such other committees as the Board of Directors may establish from time to time (except for the Executive Committee, these committees are advisory and do not exercise the power of the Board of Directors); or (2) the executive committee, nominating committee, and audit committee of a district of Toastmasters International, or such other committees the district from time to time may establish; or (3) the executive, education, membership, public relations, and social and reception committees of a member club of Toastmasters International. See TI Bylaws, Article VII.

Transition Provisions: Special transition provisions applicable through 2011 are set forth at the end of each Article of the Bylaws as needed.

Vice President: Depending on context, either the First Vice President or the Second Vice President of Toastmasters International. See TI Bylaws, Article VI, Sec. 5.

Vote...of the Board: A vote in which the required majority or greater percentage necessary for action is calculated using the number of directors present at a duly noticed meeting, provided that there is a quorum of directors at the meeting. See TI Bylaws, Article V, Sec. 3(c).

Vote...of the entire Board: A vote in which the required majority or greater percentage necessary for action is calculated using the total number of directors then in office rather than merely the number of directors present at a meeting where there is a quorum. See TI Bylaws, Article V, Sec. 3(c).

World Headquarters: The principal place of business of Toastmasters International, in Rancho Santa Margarita, California.

Following are the texts of United States federal and state statutes referred to by number in the Toastmasters International Articles of Incorporation and the Bylaws of Toastmasters International, reprinted here for ease of reference. Last updated October 16, 2009.

Internal Revenue Code

Section 170(c) (2)

Sec. 170. CHARITABLE, ETC., CONTRIBUTIONS AND GIFTS

(c) **CHARITABLE CONTRIBUTION DEFINED.** For purposes of this section, the term “charitable contribution” means a contribution or gift to or for the use of –...

- (2) A corporation, trust, or community chest, fund, or foundation –
 - (i) created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States;
 - (ii) organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals;
 - (iii) no part of the net earnings of which inures to the benefit of any private shareholder or individual; and
 - (iv) which is not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. A contribution or gift by a corporation to a trust, chest, fund, or foundation shall be deductible by reason of this paragraph only if it is to be used within the United States or any of its possessions exclusively for purposes specified in subparagraph (B). Rules similar to the rules of section 501(j) shall apply for purposes of this paragraph.

Section 501(c) (3)

Sec. 501. EXEMPTION FROM TAX ON CORPORATIONS, CERTAIN TRUSTS, ETC....

(c) **LIST OF EXEMPT ORGANIZATIONS.** The following organizations are referred to in subsection (a):

- (3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part

of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 2055(a) (2)

Sec. 2055. TRANSFERS FOR PUBLIC, CHARITABLE, AND RELIGIOUS USES.

(a) **IN GENERAL.** For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate the amount of all bequests, legacies, devises, or transfers –

(2) to or for the use of any corporation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including the encouragement of art, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, which is not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 2106(a) (2)(A)(ii)

Sec. 2106. TAXABLE ESTATE.

(a) **DEFINITION OF TAXABLE ESTATE.** For purposes of the tax imposed by section 2101, the value of the taxable estate of every decedent nonresident not a citizen of the United States shall be determined by deducting from the value of that part of his gross estate which at the time of his death is situated in the United States –

(2) **TRANSFERS FOR PUBLIC, CHARITABLE, AND RELIGIOUS USES.** –

(A) **IN GENERAL.** – The amount of all bequests, legacies, devises, or transfers (including the interest which falls into any such bequest, legacy, devise, or transfer as a result of an irrevocable disclaimer of a bequest, legacy, devise, transfer, or power, if the disclaimer is made before the date prescribed for the filing of the estate tax return) –...

(ii) to or for the use of any domestic corporation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, which is

not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office; or... .

Section 2522(a) (2) and 2522(b) (2)

Sec. 2522. CHARITABLE AND SIMILAR GIFTS.

(a) **CITIZENS OR RESIDENTS.** In computing taxable gifts for the calendar year, there shall be allowed as a deduction in the case of a citizen or resident the amount of all gifts made during such year to or for the use of – .

(2) a corporation, or trust, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), including the encouragement of art and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, which is not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office;... .

(b) **NONRESIDENTS.** In the case of a nonresident not a citizen of the United States, there shall be allowed as a deduction the amount of all gifts made during such year to or for the use of... .

(2) a domestic corporation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, which is not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office;... .

California Corporations Code

Section 5056. “Member”

(a) “Member” means any person who, pursuant to a specific provision of a corporation’s articles or bylaws, has the right to vote for the election of a director or directors or on a disposition of all or substantially all of the assets of a corporation or on a merger or on a dissolution unless the provision granting such right to vote is only effective as a result of paragraph (2) of subdivision (a) of Section 7132. “Member” also means any person who is designated in the articles or bylaws as a member and, pursuant to a specific provision of a corporation’s articles or bylaws, has the right to vote on changes to the articles or bylaws.

(b) The articles or bylaws may confer some or all of the rights of a member, set forth in this part and in Parts 2 through 5 of this division, upon any person or persons who do not have any of the voting rights referred to in subdivision (a).

(c) Where a member of a corporation is not a natural person, such member may authorize in writing one or more natural persons to vote on its behalf on any or all matters which may require a vote of the members.

(d) A person is not a member by virtue of any of the following:

- (1) Any rights such person has as a delegate.
- (2) Any rights such person has to designate or select a director or directors.
- (3) Any rights such person has as a director.

Section 5212. Creation of committees; Appointment of members; Authority

(a) The board may, by resolution adopted by a majority of the number of directors then in office, provided that a quorum is present, create one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. Appointments to such committees shall be by a majority vote of the directors then in office, unless the articles or bylaws require a majority vote of the number of directors authorized in or pursuant to the articles or bylaws. The bylaws may authorize one or more such committees, each consisting of two or more directors, and may provide that a specified officer or officers who are also directors of the corporation shall be a member or members of such committee or committees. The board may appoint one or more directors as alternate members of such committee, who may replace any absent member at any meeting of the committee. Such committee, to the extent provided in the resolution of the board or in the bylaws, shall have all the authority of the board, except with respect to:

- (1) The approval of any action for which this part also requires approval of the members (Section 5034) or approval of a majority of all members (Section 5033), regardless of whether the corporation has members.
- (2) The filling of vacancies on the board or in any committee which has the authority of the board.

- (3) The fixing of compensation of the directors for serving on the board or on any committee.
- (4) The amendment or repeal of bylaws or the adoption of new bylaws.
- (5) The amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable.
- (6) The appointment of committees of the board or the members thereof.
- (7) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.
- (8) The approval of any self-dealing transaction except as provided in paragraph (3) of subdivision (d) of Section 5233.

(b) A committee exercising the authority of the board shall not include as members persons who are not directors. However, the board may create other committees that do not exercise the authority of the board and these other committees may include persons who are not directors.

(c) Unless the bylaws otherwise provide, the board may delegate to any committee powers as authorized by Section 5210, but may not delegate the powers set forth in paragraphs (1) to (8), inclusive, of subdivision (a).

Section 5221. Grounds for vacating office of director

(a) The board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Article 3 (commencing with Section 5230), or, if at the time a director is elected, the bylaws provide that a director may be removed for missing a specified number of board meetings, fails to attend the specified number of meetings.

(b) As provided in paragraph (3) of subdivision (c) of Section 5151, the articles or bylaws may prescribe the qualifications of directors. The board, by a majority vote of the directors who meet all of the required qualifications to be a director, may declare vacant the office of any director who fails or ceases to meet any required qualification that was in effect at the beginning of that director's current term of office.

Section 5222. Removal of directors without cause

(a) Subject to subdivisions (b) and (f), any or all directors may be removed without cause if:

- (1) In a corporation with fewer than 50 members, the removal is approved by a majority of all members (Section 5033).
- (2) In a corporation with 50 or more members, the removal is approved by the members (Section 5034).
- (3) In a corporation with no members, the removal is approved by a majority of the directors then in office.

(b) Except for a corporation having no members pursuant to Section 5310:

(1) In a corporation in which the articles or bylaws authorize members to cumulate their votes pursuant to subdivision (a) of Section 5616, no director may be removed (unless the entire board is removed) if the votes cast against removal, or not consenting in writing to the removal, would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast (or, if the action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of directors authorized at the time of the director's most recent election were then being elected.

(2) If by the provisions of the articles or bylaws the members of any class, voting as a class, are entitled to elect one or more directors, any director so elected may be removed only by the applicable vote of the members of that class.

(3) If by the provisions of the articles or bylaws the members within a chapter or other organizational unit, or region or other geographic grouping, voting as such, are entitled to elect one or more directors, any director so elected may be removed only by the applicable vote of the members within the organizational unit or geographic grouping.

(c) Any reduction of the authorized number of directors or any amendment reducing the number of classes of directors does not remove any director prior to the expiration of the director's term of office unless the reduction or any amendment also provides for the removal of one or more specified directors.

(d) Except as provided in this section and Sections 5221 and 5223, a director may not be removed prior to the expiration of the director's term of office.

(e) If a director removed under this section or Section 5221 or 5223 was chosen by designation pursuant to subdivision (d) of Section 5220, then:

(1) If a different person may be designated pursuant to a governing article or bylaw provision, the new designation shall be made.

(2) If the governing article or bylaw provision contains no provision under which a different person may be designated, the governing article or bylaw provision shall be deemed repealed.

(f) For the purposes of this subdivision, "designator" means one or more designators. If by the provisions of the articles or bylaws a designator is entitled to designate one or more directors, then:

(1) Unless otherwise provided in the articles or bylaws at the time of designation, any director so designated may be removed without cause by the designator of that director.

(2) Any director so designated may only be removed under subdivision (a) with the written consent of the designator of that director.

(3) Unless otherwise provided in the articles or bylaws, the right to remove shall not apply if any of the following circumstances exist:

(A) The designator entitled to that right has died or ceased to exist.

(B) If that right is in the capacity of an officer, trustee, or other status, and the office, trust, or status has ceased to exist.

Section 5233. Self-dealing transaction by interested director; Remedies

(a) Except as provided in subdivision (b), for the purpose of this section, a self-dealing transaction means a transaction to which the corporation is a party and in which one or more of its directors has a material financial interest and which does not meet the requirements of paragraph (1), (2), or (3) of subdivision (d). Such a director is an “interested director” for the purpose of this section.

(b) The provisions of this section do not apply to any of the following:

(1) An action of the board fixing the compensation of a director as a director or officer of the corporation.

(2) A transaction which is part of a public or charitable program of the corporation if it: (i) is approved or authorized by the corporation in good faith and without unjustified favoritism; and (ii) results in a benefit to one or more directors or their families because they are in the class of persons intended to be benefited by the public or charitable program.

(3) A transaction, of which the interested director or directors have no actual knowledge, and which does not exceed the lesser of 1 percent of the gross receipts of the corporation for the preceding fiscal year or one hundred thousand dollars (\$100,000).

(c) The Attorney General or, if the Attorney General is joined as an indispensable party, any of the following may bring an action in the superior court of the proper county for the remedies specified in subdivision (h):

(1) The corporation, or a member asserting the right in the name of the corporation pursuant to Section 5710.

(2) A director of the corporation.

(3) An officer of the corporation.

(4) Any person granted relator status by the Attorney General.

(d) In any action brought under subdivision (c) the remedies specified in subdivision (h) shall not be granted if:

(1) The Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or

(2) The following facts are established:

(A) The corporation entered into the transaction for its own benefit;

(B) The transaction was fair and reasonable as to the corporation at the time the corporation entered into the transaction;

(C) Prior to consummating the transaction or any part thereof the board authorized or approved the transaction in good faith by a vote of a majority of the directors then in office without counting the vote of the interested director or directors, and with knowledge of the material facts concerning the transaction and the director’s interest in the transaction. Except as provided in paragraph (3) of this subdivision, action by a committee of the board shall not satisfy this paragraph; and

(D) (i) Prior to authorizing or approving the transaction the board considered and in good faith determined after reasonable investigation under the circumstances that the corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances or (ii) the corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or

(3) The following facts are established:

(A) A committee or person authorized by the board approved the transaction in a manner consistent with the standards set forth in paragraph (2) of this subdivision;

(B) It was not reasonably practicable to obtain approval of the board prior to entering into the transaction; and

(C) The board, after determining in good faith that the conditions of subparagraphs (A) and (B) of this paragraph were satisfied, ratified the transaction at its next meeting by a vote of the majority of the directors then in office without counting the vote of the interested director or directors.

(e) Except as provided in subdivision (f), an action under subdivision (c) must be filed within two years after written notice setting forth the material facts of the transaction and the director's interest in the transaction is filed with the Attorney General in accordance with such regulations, if any, as the Attorney General may adopt or, if no such notice is filed, within three years after the transaction occurred, except for the Attorney General, who shall have 10 years after the transaction occurred within which to file an action.

(f) In any action for breach of an obligation of the corporation owed to an interested director, where the obligation arises from a self-dealing transaction which has not been approved as provided in subdivision (d), the court may, by way of offset only, make any order authorized by subdivision (h), notwithstanding the expiration of the applicable period specified in subdivision (e).

(g) Interested directors may be counted in determining the presence of a quorum at a meeting of the board which authorizes, approves or ratifies a contract or transaction.

(h) If a self-dealing transaction has taken place, the interested director or directors shall do such things and pay such damages as in the discretion of the court will provide an equitable and fair remedy to the corporation, taking into account any benefit received by the corporation and whether the interested director or directors acted in good faith and with intent to further the best interest of the corporation. Without limiting the generality of the foregoing, the court may order the director to do any or all of the following:

(1) Account for any profits made from such transaction, and pay them to the corporation;

(2) Pay the corporation the value of the use of any of its property used in such transaction; and

(3) Return or replace any property lost to the corporation as a result of such transaction, together with any income or appreciation lost to the corporation by reason of such transaction, or account for any proceeds of sale of such property, and pay the proceeds to the corporation together with interest at the legal rate. The court may award prejudgment interest to the extent allowed in Section 3287 or 3288 of the Civil Code. In addition, the court may, in its discretion, grant exemplary damages for a fraudulent or malicious violation of this section.

Section 5236. Loans or guaranties for obligations of director or officer

(a) A corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer, unless approved by the Attorney General; provided, however, that a corporation may advance money to a director or officer of the corporation or of its parent or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director, provided that in the absence of such advance, such director or officer would be entitled to be reimbursed for such expenses by such corporation, its parent, or any subsidiary.

(b) The provisions of subdivision (a) do not apply to the payment of premiums in whole or in part by a corporation on a life insurance policy on the life of a director or officer so long as repayment to the corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value.

(c) The provisions of subdivision (a) do not apply to a loan of money to or for the benefit of an officer in circumstances where the loan is necessary, in the judgment of the board, to provide financing for the purchase of the principal residence of the officer in order to secure the services or continued services of the officer and the loan is secured by real property located in the state.

Section 5238. "Agent"; "Proceeding"; "Expenses"; Power of corporation to indemnify person threatened to be made party to proceeding; Indemnification of agent for expenses incurred; Purchase of liability insurance on behalf of corporate agent; Applicability of section

(a) For the purposes of this section, "agent" means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under subdivision (d) or paragraph (3) of subdivision (e).

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 5233, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation, or brought under Section 5233, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this subdivision:

- (1) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person's duty to the corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;
- (2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- (3) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

(d) To the extent that an agent of a corporation has been successful on the merits in defense of any proceeding referred to in subdivision (b) or (c) or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Except as provided in subdivision (d), any indemnification under this section shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in subdivision (b) or (c), by:

- (1) A majority vote of a quorum consisting of directors who are not parties to such proceeding;
- (2) Approval of the members (Section 5034), with the persons to be indemnified not being entitled to vote thereon; or
- (3) The court in which such proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this section. The provisions of subdivision (a) of Section 5236 do not apply to advances made pursuant to this subdivision.

(g) No provision made by a corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the articles, bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this section. Nothing contained in this section shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this section, except as provided in subdivision (d) or paragraph (3) of subdivision (e), in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the articles, bylaws, a resolution of the members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) A corporation shall have power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this section; provided, however, that a corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Section 5233.

(j) This section does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent as defined in subdivision (a) of the employer corporation. A corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207.

Section 6322. Annual statement of transaction with or indemnification of interested person; Required contents

(a) Any provision of the articles or bylaws notwithstanding, every corporation shall furnish annually to its members and directors a statement of any transaction or indemnification of a kind described in subdivision (d) or (e), if any such transaction or indemnification took place. If the corporation issues an annual report to all members, this subdivision shall be satisfied by including the required information in the annual report. A corporation which does not issue an annual report to all members, pursuant to subdivision (c) or (d) of Section 6321, shall satisfy this section by mailing or delivering to its members the required statement within 120 days after the close of the corporation's fiscal year. Unless otherwise provided by the articles or bylaws and if approved by the board of directors, that statement may be sent by electronic transmission by the corporation (Section 20).

(b) Except as provided in subdivision (c), a covered transaction under this section is a transaction in which the corporation, its parent, or its subsidiary was a party, and in which either of the following had a direct or indirect material financial interest:

(1) Any director or officer of the corporation, or its parent or subsidiary.

(2) Any holder of more than 10 percent of the voting power of the corporation, its parent or its subsidiary.

For the purpose of subdivision (d), an “interested person” is any person described in paragraph (1) or (2) of this subdivision.

(c) For the purpose of subdivision (b), a mere common directorship is not a material financial interest.

(d) The statement required by subdivision (a) shall describe briefly:

(1) Any covered transaction during the previous fiscal year involving more than fifty thousand dollars (\$50,000), or which was one of a number of covered transactions in which the same interested person had a direct or indirect material financial interest, and which transactions in the aggregate involved more than fifty thousand dollars (\$50,000).

(2) The names of the interested persons involved in such transactions, stating such person’s relationship to the corporation, the nature of such person’s interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

(e) The statement required by subdivision (a) shall describe briefly the amount and circumstances of any indemnifications or advances aggregating more than ten thousand dollars (\$10,000) paid during the fiscal year to any officer or director of the corporation pursuant to Section 5238; provided that no such report need be made in the case of indemnification approved by the members (Section 5034) under paragraph (2) of subdivision (e) of Section 5238.

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