

**LICKING RURAL ELECTRIFICATION, INC.
PROPOSALS REGARDING PROPOSED AMENDMENTS TO
THE CODE OF REGULATIONS TO BE PRESENTED AT THE
2026 ANNUAL MEETING OF MEMBERS**

During the 2026 Annual Meeting of Members, the Board of Directors (the “Board”) of Licking Rural Electrification, Inc., dba The Energy Cooperative (the “Cooperative”), will recommend that members adopt three proposals concerning proposed amendments to the Cooperative’s Code of Regulations (the “Code”). The proposals and proposed amendments are presented and discussed below. New language to be added to the Code is underlined and language to be deleted from the Code is shown with ~~strikeouts~~.

PROPOSAL NO. 1

Amend Article III (Board Of Directors), Sections 2(c) and (d) (Qualifications) of the Code to replace the current conflict of interest disqualifications applicable to directors with a prohibition that an individual could not become or remain a director if he/she has been found to have committed a violation of any ethics or conflict of interest policy applicable to directors of the Cooperative and has failed or refused to take any corrective action requested by a majority vote of disinterested directors with respect to such violation.

Discussion of Proposed Amendment

The Board is recommending approval of this proposed amendment to align the qualification requirements of directors of the Cooperative as it pertains to conflicts of interest of directors with today’s best practices regarding director conflicts. There would be process for identifying and resolving potential or actual conflicts of interest involving an “interested” director. The process would be based on recommendations made by organizations such as the Ohio Ethics Commission and would be flexible in its application to the specific facts and circumstances presented by a potential or actual conflict of interest. If the proposed amendment is adopted, the intention would be for the Board to update the current conflict of interest policy applicable to directors consistent with the processes described in this paragraph.

Text of Proposed Amendment

Article III (Board Of Directors), Section 2. (Qualifications). No person shall be eligible to become or remain a member of the board who:

- (c) Has been found to have committed a violation of any ethics or conflict of interest policy applicable to directors of the Cooperative and has failed to take, or has refused to take, any corrective action requested by a majority of disinterested directors. Is an employee or close relative of an employee of or a person or close relative of a person who has a material financial interest in a competing enterprise; or
- ~~(d) Is an employee of, or close relative of an employee of, or person or close relative of a person who has a material financial interest in a business that sells or provides a material amount of products or services to the Cooperative or any of its subsidiaries.~~

PROPOSAL NO. 2

Amend Article VII (Financial Transactions), Section 3 (Patronage Capital in Connection with Furnishing Services) to change the requirements for giving final notice to members and former members with respect to unclaimed payments of retired capital credits.

Discussion of Proposed Amendment

The Board is recommending approval of this proposed amendment to align the method of giving final notice of unclaimed payments of retired capital credits with modern-day practices. The proposed amendment would replace a portion of a sentence describing the final notice to be given to members and former members as to unclaimed payments of retired capital credits. This sentence currently requires final notice to be given by both mail to the member or former member to that person’s last known address and by publication for two consecutive inserts in a newspaper circulated in the Cooperative’s service area. The proposed new sentence would require just one final notice, either by first-class mail, publication in a newsletter or magazine distributed to the Cooperative’s members, or posting to the Cooperative’s website.

Giving notice by publication in a newspaper is an outdated and costly method of giving notice. Giving notice through the Cooperative's magazine or by posting on the Company's website will reach more members and former members at a small cost to the Cooperative.

Text of Proposed Amendment

Article VII (Financial Transactions), Section 3 (Patronage Capital in Connection with Furnishing Services).

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Notwithstanding any other provision of the Articles of Incorporation or the Code of Regulations, if any member or former member fails to claim any cash retirement of capital credits or other payment from the Cooperative within four years after payment of the same has been made available to the member by notice or check mailed to said member at the member's last known address, furnished by the member to the Cooperative, such failure shall be and constitute an assignment and contribution by such member of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such member or former member to cash any check mailed by the Cooperative to the last address furnished by the member to the Cooperative. The assignment and contribution provided for under this Section shall become effective only upon the expiration of four (4) years from the date when such payment was made available to such member or former member without claim therefor and only after the further expiration of sixty (60) days following the giving of a notice by first-class mail, publication in a newsletter or magazine distributed to the Cooperative's members, or posting to the Cooperative's website ~~and publication~~ that unless such payment is claimed within said sixty (60) days period, such contribution to the Cooperative shall become effective. ~~The notice by mail herein provided for shall be one mailed by the Cooperative to such member or former member at the last known address and the notice of publication shall be two (2) consecutive insertions in a newspaper circulated in the service area by the Cooperative, which may be the Cooperative newsletter. The sixty (60) day period following the giving of such notice shall be deemed to terminate sixty (60) days after the mailing of such notice or sixty (60) days following the last day of publication thereof whichever is later.~~

PROPOSAL NO. 3

Amend Article VII (Financial Transactions), Section 3 (Patronage Capital in Connection with Furnishing Services) to add a new provision that would provide flexibility to the Board in allocating or using unclaimed payments of capital credits.

Discussion of Proposed Amendment

The Board is recommending approval of this proposed amendment to add a sentence to this section of the Code that would allow the Board, at its discretion, to (i) allocate unclaimed payments of capital credits to members in any manner as determined by the Board, (ii) use unclaimed payments of capital credits as permanent, non-allocated capital, or (iii) use unclaimed payments of capital credits in any other manner as determined by the Board. This change would provide the Board with flexibility in determining how best to use these unclaimed funds.

Text of Proposed Amendment

Article VII (Financial Transactions), Section 3 (Patronage Capital in Connection with Furnishing Services).

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Notwithstanding any other provision of the Articles of Incorporation or the Code of Regulations, if any member or former member fails to claim any cash retirement of capital credits or other payment from the Cooperative within four years after payment of the same has been made available to the member by notice or check mailed to said member at the member's last known address, furnished by the member to the Cooperative, such failure shall be and constitute an assignment and contribution by such member of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such member or former member to cash any check mailed by the Cooperative to the last address furnished by the member to the Cooperative. Any contribution to the Cooperative pursuant to this paragraph may, at the discretion of the Board, be (i) allocated as capital credits to members in any manner as determined by the Board, (ii) used by this Cooperative as permanent, non-allocated capital, or (iii) used by the Cooperative in any other manner as determined by the Board.