

LICKING RURAL ELECTRIFICATION, INC.

AMENDED AND RESTATED CODE OF REGULATIONS

The aim of Licking Rural Electrification, Inc. (hereinafter called the "Cooperative") is to make electric, gas, propane and telecommunications products, resources and services (hereinafter called "Products, Resources and Services") available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERSHIP

Section 1. Requirements for Membership. Any person, firm, association, corporation, body politic or subdivision thereof will become a member of the Cooperative upon receipt of Products, Resources and Services at retail from the Cooperative, provided that said member has first:

- (a) Made a written application for membership therein, if requested by the Cooperative;
- (b) Agreed to purchase from the Cooperative Products, Resources and Services as hereinafter specified; and
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Code of Regulations of the Cooperative and any rules and regulations adopted by the Board of Directors.

Each member shall provide the Cooperative without charge such easements and rights-of-way in the Cooperative's standard form in reasonably mutual agreed locations as necessary or convenient for the Cooperative for distribution of electric and/or natural gas to serve such member or other members or patrons of the Cooperative.

Where Service systems, or portions thereof, other than those constructed by the Cooperative are acquired, or are merged into or otherwise become a part of the Cooperative's Products, Resources and Services system, all persons, firms, corporations, institutions, or other organizations then receiving service from said acquired systems shall become and shall be considered as members of the Cooperative provided that the other requirements for membership specified above have been met.

No member may hold more than one membership, regardless of whether said member is furnished with more than one source of Products, Resources and Services, in the Cooperative (or be entitled to more than one vote), and no memberships in the Cooperative shall be transferable, except as provided in this Code of Regulations. However, those memberships issued prior to April, 1997, will not be subject to this restriction other than transferability. Those members prior to April, 1997, may own more than one membership in the Cooperative. However, a person or entity shall not be entitled to more than one vote, regardless of the number of memberships held.

Section 2. Evidence of Membership. Membership in the Cooperative shall be evidenced by a properly executed application, if requested by the Cooperative, which shall be in such form and shall

contain such provisions as shall be determined by the Board of Directors, in compliance with ARTICLE I, Section 1. Only one person or entity shall sign a membership application.

Section 3. Membership Certificates. Membership certificates shall no longer be issued, and lost, destroyed or mutilated certificates shall not be replaced. A membership certificate shall not be required to evidence a member's membership in the Cooperative.

Section 4. Membership. Applications for joint membership shall not be accepted; however, in those cases where such applications have been accepted prior to April, 1997, the term "member" as used in this Code of Regulations shall include a husband and wife holding joint membership and all provisions relating to the rights and liabilities of membership shall apply equally to the holders of a joint membership.

Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the membership;
- (f) Withdrawal of either shall terminate the membership;
- (g) Either but not both may be elected or appointed as an officer or Board member, provided that they meet the qualifications for such office.

Section 5. Purchase of Products, Resources and Services. Each member shall purchase from the Cooperative those Products, Resources and Services used on the premises specified in the application, if any, for membership to the extent specified in such application or in any applicable contract between such member and the Cooperative or any affiliate of the Cooperative. It is expressly understood that amounts paid for Products, Resources and Services in excess of the cost of services are furnished by members as capital and each member shall be credited with the capital so furnished as provided in this Code of Regulations. Each member shall pay to the Cooperative such minimum amounts per month regardless of the amount of Products, Resources and Services consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by member to the Cooperative as and when the same shall become due and payable.

Notwithstanding any language in this Code of Regulations to the contrary, each member agrees that any claim, demand, cause of action, action or suit for any losses or damages arising from or related to the receipt of Products, Resources or Services from an affiliate of the Cooperative may only be asserted or brought against that affiliate, and not the Cooperative, and each member agrees to release and hold harmless the Cooperative and all other affiliates of the Cooperative from any such claim, demand, cause of action, action or suit and any and all losses or damages arising from or related thereto. A claim, demand, cause of action, action or suit for any losses or damages arising from or related to the receipt of

Products, Resources or Services may be brought against the Cooperative only if the Cooperative was the provider of such Products, Resources or Services to such member.

Section 6. Expulsion of Members. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members present thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or this Code of Regulations or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 7. Care of Premises; Responsibility Therefor. Responsibility for meter tampering or bypassing and for damage to Cooperative properties: Each member shall cause all premises receiving Products, Resources and Services pursuant to the said membership to become and to remain connected to said Products, Resources and Services in accordance with any applicable Federal, State or local government ordinances or regulations, and of the Cooperative. Each member shall be responsible for and shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting from any defect in or improper use or maintenance of members' premises and lines and apparatus connected thereto or used thereon on the member's side of the Cooperative's point of delivery to the member. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of Products, Resources and Services and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such Products, Resources and Services, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use said member's best efforts to prevent others from so doing. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance could have prevented such, the member shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Cooperative extend beyond the point at which its service lines are attached to the meter loop provided for measuring Products, Resources and Services used on such premises, except that the Cooperative shall, in accordance with its applicable Products, Resources and Services rules and regulations, indemnify the member for any overcharges for Products, Resources and Services that may result from a malfunctioning of its metering equipment.

Section 8. Transfer and Termination of Membership.

- (a) Membership in the Cooperative shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall be terminated. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.
- (b) When a membership is held jointly by a husband and wife, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and upon the recording of such death on the books of the Cooperative such membership shall thereupon belong to the

survivor; provided however, that the estate of the deceased shall not be released from any membership debts or liabilities of the Cooperative.

Section 9. Non-liability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable for any duties or liabilities of the Cooperative.

Section 10. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member of the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 11. Removal of Directors and Officers. Any member may request the removal of a Board member for Cause (defined below) by filing with the Secretary a petition signed by at least ten percentum (10%) of all of the members of the Cooperative setting forth in reasonable detail the facts and circumstances which such members believe constitute Cause for such Board member's removal together with the evidentiary basis therefor (hereinafter, simply "charges"). If more than one Board member is sought to be removed, an individual petition and charges shall be filed against each such Board member. The question of the removal of such Board member shall be considered and voted upon at the meeting of members and any vacancy created by such removal may be filled by the vote of the remaining Board members for the unexpired portion of such removed Board member's term and until a successor shall have been nominated, qualified, and elected. The removal of no more than two Board members may be considered or voted upon at any meeting of members, unless otherwise approved by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

Any Board member may request the removal of another Board member for Cause by delivering to each Board member a notice, signed by at least two members of the Board, setting forth the charges against such other Board member. The unanimous vote of all members of the Board (except the member against whom such charges are brought) shall be required in order to remove a Board member for Cause. Any vacancy created by such removal by the Board may be filled by the vote of the remaining Board members for the unexpired portion of such removed Board member's term and until a successor shall have been nominated, qualified and elected.

For purposes of this Section 11 of ARTICLE I. "Cause" shall mean any of the following:

- (a) Failure of the Board member to attend four (4) consecutive regular monthly meetings of the Board or failure to attend six (6) regular monthly meetings of the Board in any twelve (12) month period.
- (b) Long-term disability of the Board member, consisting of the inability to perform the essential function of his or her position for a period of 180 days or longer, as certified in writing by a qualified medical doctor.
- (c) The Board member pleading guilty or being convicted, with all appeals having been completed, of any (i) felony, (ii) theft offence, or (iii) drug abuse offence not constituting a minor misdemeanor.
- (d) Failure of the Board member to serve in accordance with or violation by the Board member of any material term, condition, or provision of the Cooperative's Articles of Incorporation, Code of Regulations, or policies, which failure or violation has a material adverse effect on the business and affairs of the Cooperative.

Notwithstanding the foregoing provisions of this Section 11, the Board member against whom charges are brought shall be informed in writing of the charges at least ten (10) days prior to the meeting of members or directors, as appropriate, at which the charges are to be considered (which meeting shall be held on such date and at such time as the Board may determine, in its discretion) and shall have an opportunity at such meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against such Board member shall have the same opportunity. No Board member shall be removed from office unless the specific facts and circumstances constituting Cause are supported by clear and convincing evidence.

Section 12. Furnishing Services to Non-Members. Nothing contained in this ARTICLE I, or elsewhere in this Code of Regulations shall be deemed or construed to prevent or prohibit the Cooperative from generating, manufacturing, purchasing, acquiring, or accumulating Products, Resources and Services for non-members, or from transmitting, distributing, furnishing, selling or disposing of such Products, Resources and Services to, or rendering Products, Resources and Services to non-members, nor to prohibit the Cooperative from executing and performing franchise or other contracts with political subdivisions or bodies politic providing for the furnishing of Products, Resources and Services or rendering of Products, Resources and Services to such subdivisions or bodies, or the citizens thereof, in the manner prescribed by law.

Section 13. Area Coverage. The Cooperative may extend Products, Resources and Services to all unserved persons within the Cooperative's service area who:

- (a) desire such Products, Resources and Services and
- (b) meet all reasonable requirements established by the Cooperative as a condition of such Products, Resources and Services.

ARTICLE II MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held during either April or May of each year, at such place within the service area of the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of reporting on the election of board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In the event that such annual meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any business transactions or elections held at such meeting shall be as valid as if transacted or held at the annual meeting.

Section 2. Special Meetings. Special meetings of the members may be called by action of the Board, or upon a written request signed by any five Board members or by twenty percentum (20%) or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. A special meeting of the members may be held only at the place within any of the counties wherein service is provided by the Cooperative, day and hour designated by the Board.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting, and in case of special meeting, the purpose or purposes for which the meeting is called,

shall be delivered, not less than seven (7) days nor more than forty-five (45) days before the date of the meeting, either personally or by mail (including publication within a magazine mailed to the members), or at the direction of the Secretary, or by persons calling the meeting, to each member. However, with respect to all meetings at which directors are to be elected such notice shall be so delivered when deposited in the United States mail, addressed to the member at the member's address as it appears on the records of the Cooperative, with the postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at such meeting. Notice of adjournment of a members' meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

Section 4. Quorum. The members entitled to vote present in person at any meeting of the members shall constitute a quorum.

Section 5. Voting. Each member shall be entitled to one (1) vote and not more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or this Code of Regulations. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

With respect to any matter which is to be submitted to a vote of the members for which this Code of Regulations or the Articles of Incorporation requires the affirmative vote of greater than a majority of a quorum, such matter shall be submitted to the members for vote pursuant to an election in accordance with such procedures as the Board may determine, in its discretion.

Section 6. Proxies. At all meetings of the members of the Cooperative, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No person shall vote as proxy for more than one (1) member at any meeting of the members and no proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by said member and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the member had not executed a proxy.

Section 7. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall include the following matters with the order to be determined by the Board or the chairman of such meeting:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, of the waiver or waivers of notice of the meeting as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of Board of Directors member(s).

6. Unfinished business.
7. New business.
8. Adjournments.

ARTICLE III
BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by this Code of Regulations conferred upon or reserved to the members. This Section may be amended, subject to Article X, to increase the size of the Board which, together with any other amendments to this Code of Regulations approved or becoming effective within the previous twelve (12) month period, would have the effect of increasing the size of the Board by more than one member during such twelve (12) month period, shall be approved by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

Section 2. Qualifications. No person shall be eligible to become or remain a member of the board who:

- (a) Has not been a member of the Cooperative for, at least, the three (3) most recent prior years, and at the time of election or appointment is not a member and domiciled in the particular District within the service area of the Cooperative which the member is to represent, or who shall not continue to be a member and so domiciled, receiving Products, Resources and Services from the Cooperative in the District which the member represents, after election or appointment to the Board; or
- (b) Has been an employee of the Cooperative or any of its subsidiaries for any period during the most recent three (3) years, or is a close relative of such employee; or
- (c) 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 a 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.

Close relative, in this Article, shall mean the relationships of spouse, father, mother, brother, sister, son and daughter existing by reason of blood, marriage or adoption.

Nothing contained in this Article shall affect in any manner whatsoever the validity of any action taken by the Board.

Section 3. Districts and Tenure of Office. The Board shall divide the service area of the Cooperative into nine (9) Districts so that equitable representation may be given to the geographic areas served by the Cooperative. The Board shall have the power to change the boundaries of such Districts

whenever in their opinion the purpose of the section requires such a change. Each District shall be represented by one Director. Three Directors shall be elected each year to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations.

Section 4. Nominations. It shall be the duty of the Board of Directors to appoint, not less than 70 days nor more than 120 days before the date of each annual meeting of the members at which directors are to be elected, a nominating committee consisting of at least five (5) persons. At least one (1) person on the nominating committee shall be selected from each district, from which a director is to be elected. No officer or member of the Board of Directors shall be appointed a member of the nominating committee. The nominating committee shall prepare and post at the principal office of the Cooperative, at least 70 days before the annual meeting of members, a list of those persons who have been nominated by the nominating committee. If a person, after submitting his or her name to the nominating committee for consideration and going through the nominating committee's nomination process, is not nominated for election as a director, then such person may petition to have his or her name placed on the ballot for election as a director by having at least fifty (50) members eligible to vote sign a petition in support of his or her nomination and deliver such petition not less than fifty-five (55) days prior to the annual meeting, and the Secretary shall post the same at the place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of meeting a statement of the number of directors to be elected and showing separately the list of nominations made by the committee on nominations and the nominations made by petition, if any. The members may at any meeting at which a Director or Directors shall be removed, as herein before provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever, the validity of any election of directors.

Section 5. Vacancies. Subject to the provisions of this Code of Regulations with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining Directors, and Directors elected thus shall serve for the unexpired portion of the term of each respective director being replaced or until their successors shall have been elected and shall have qualified.

Section 6. Election of Directors. A ballot for electing directors shall be prepared by the Secretary and mailed, along with a return envelope, at least 30 days prior the annual meeting of members to all members of the Cooperative whose names appear upon the membership records of the Cooperative at the time of such mailing; provided, however, that if the Board of Directors determines, in its sole discretion, that a form of electronic balloting is secure, the Board may establish such policies and procedures to allow voting to take place by electronic means. The ballot shall list the qualified nominees selected in accordance with the provisions of Section 4 of this ARTICLE III who have signified their willingness to serve if elected and shall show separately the nominations made by the committee on nominations, and, if any, nominations made by petition. With respect to each position to be filled on the board of directors, each member shall be entitled to vote for one (1) of the nominees listed on the ballot by checking a box located next to such nominee's name. The ballot, after being voted by the member, shall be signed by the member and either (i) returned by mail to the Secretary in the envelope provided to such member at the address shown on such envelope and postmarked not less than ten (10) days prior to the annual meeting of member, or (ii) hand-delivered to the address shown on such envelope not less than seven (7) days prior to the annual meeting of members; or (iii) if deemed secure and pursuant to a policy established by the Board, the ballot may be transmitted by electronic means at least three days prior to the annual meeting of the members. The Board of Directors shall have the authority to appoint an independent third party (the "Independent Tabulator") to perform a tabulation of the ballots for the election of directors and to calculate the number of votes cast for each nominee. The Independent Tabulator shall count the ballots in

accordance with this Section 6 and shall certify its tabulation to the Secretary. If the Board of Directors does not appoint an Independent Tabulator to tabulate ballots for the election of directors, then the Secretary, with the assistance of a committee consisting of not less than two (2) members appointed by the Board of Directors, shall be responsible for the tabulation of the ballots for the election of directors and shall determine the successful candidates. No ballot shall be counted unless signed by the member and returned to the Secretary by mail or hand-delivery or authorized electronic means as provided above. Furthermore, with respect to each position to be filled on the board of directors, no ballots shall be counted if the member has voted for more than one nominee. With respect to each position to be filled on the board of directors, the nominee receiving the greatest number of votes shall be elected a director effective as of the date of the annual meeting of members. In case of a tie vote, the election shall be decided by flipping a coin. The results of the election shall be announced by the Secretary, or if the Secretary is a nominee, by another Board member, at the annual meeting of members. If the Secretary is a nominee, the Secretary shall not prepare the ballots, receive the voted ballots from members, or be responsible for the tabulation of the ballots for the election of directors; rather, the Board of Directors shall appoint a Director who is not a nominee to perform the Secretary's duties in connection with the election of directors. If the election of the directors is not within the time set forth, the Board of Directors shall cause the election of directors to be held as soon thereafter as may be convenient.

Section 7. Compensation. Directors as such shall not receive any salary for their services, however, the Board may by resolution provide a reasonable compensation to be paid to each Director for services rendered on behalf of the Cooperative as a Director, such as attendance at meetings, conferences and training programs or performing committee assignments. The Board may also authorize reimbursement of Directors for expenses actually and necessarily incurred in carrying out such Cooperative business or grant a reasonable per diem allowance in lieu of detailed accounting for such expenses.

Section 8. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or this Code of Regulations, as it may deem advisable for the management, administration and regulation of the business affairs of the Cooperative.

Section 9. Accounting System and Reports. The Board shall cause to be established and maintained, a complete accounting system. The Board shall also cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative on an annual basis. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 10. Change in Rates. A written notice shall be given to members not less than 90 days prior to the date upon which any proposed change in the rates charged by the Cooperative for Products, Resources and Services becomes effective.

Section 11. Membership In Other Organizations. The Directors shall have full power and authority to authorize the Cooperative to purchase stock in or to become a member of any corporation, cooperative, or other organization whose purposes are related to the functions and purposes of this Cooperative.

Section 12. Teleconferencing. The Directors who are not physically present at a meeting may attend the meeting by the use of authorized communications equipment that enables the Directors the opportunity to participate in the meeting and to vote on matters submitted to the Board, including an opportunity to read or hear the proceedings of the meeting, participate in the proceedings, and contemporaneously communicate with the persons who are physically present at the meeting. Any Director who uses authorized communications equipment is deemed to be present in person at the meeting whether the meeting is held at a designated place or solely by means of authorized

communications equipment. The Directors may adopt procedures and guidelines for the use of authorized communications equipment in connection with a meeting to maintain a record of any vote or other action taken at the meeting.

ARTICLE IV MEETING OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held monthly at such time and place in the State of Ohio, or such other place, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or by any five (5) Directors. The person or persons calling special meetings of the Board may fix the time and place, which shall be in the State of Ohio or such other place as the Board shall direct.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each Director at the Director's last known address. If mailed, such note shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

ARTICLE V OFFICERS

Section 1. Number. The officers of the Cooperative shall be a Chairman of the Board, Vice Chairman of the Board, Secretary, Treasurer, President/Chief Executive Officer and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. Each officer, except the President/Chief Executive Officer and any officer pursuant to Section 3 of this ARTICLE V, shall be elected by ballot annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until a successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The President/Chief Executive Officer shall be chosen and employed and the President/Chief Executive Officer's compensation shall be set by the Board. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

Section 3. Additional Officers. In addition to the officers specified in Section 1 of this ARTICLE V, the Board, in its discretion, may appoint one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as may be deemed necessary or desirable who shall have such duties and authority as generally pertains to their respective offices and such as may be prescribed by the Board, and who shall hold office for such period as may be prescribed by the Board.

Section 4. Removal of Officers and Agents by the Board. Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by at least twenty percentum (20%) of the members may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against said officer shall have the same opportunity. In the event the Board does not remove such officer, the questions of the officer's removal shall be considered and voted upon at the next meeting of the members.

Section 5. Resignations. Any officer may resign at any time by giving written notice to the Board or to the Chairman of the Board or to the Secretary of the Cooperative. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office, except that of President/Chief Executive Officer, may be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of President/Chief Executive Officer, the Board shall choose and employ a President/Chief Executive Officer upon terms and conditions which the Board considers to be in the best interest of the Cooperative.

Section 7. Chairman of the Board. The Chairman of the Board shall:

- (a) Be the principal officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) On behalf of the Cooperative, subject to the direction and instruction of the Board, sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, financing statements, security agreements, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- (c) In general perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board from time to time.

Section 8. Vice Chairman of the Board. In the absence of the Chairman of the Board, or in the event of the Chairman's inability or refusal to act, the Vice Chairman of the Board shall perform the duties of the Chairman of the Board, and when so acting shall have all the power of and be subject to all the restrictions upon the Chairman of the Board. The Vice Chairman of the Board shall also perform such other duties as from time to time may be assigned by the Board or by the Chairman of the Board.

Section 9. Secretary. The Secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with this Code of Regulations or as required by law;
- (c) The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative or a facsimile thereof to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of this Code of Regulations;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Keeping on file at all times a complete copy of the Articles of Incorporation and Code of Regulations of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnish a copy of the Code of Regulations and of all amendments thereto to any member upon request; and
- (f) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board.

Section 10. Treasurer. The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt of and issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (c) The general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

Section 11. President/Chief Executive Officer. The President/ Chief Executive Officer shall:

- (a) Be the Chief Executive Officer responsible for the general direction, coordination and control of all operations in accordance with the policies adopted by the Board, subject to the direction and instruction of the Board;
- (b) Have supervision over and be responsible for the operations of the Cooperative and, in performing this duty, carry out and administer the policies adopted by the Board;
- (c) Prepare for the Board such reports and budgets as are necessary to inform the Board concerning the operations of the Cooperative; and
- (d) In general perform all duties incident to said office and shall perform such other duties as may from time to time be assigned by the Board.

Section 12. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 13. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of this Code of Regulations with respect to compensation for a Board member and close relatives of a Board member. The Board may delegate the fixing of the compensation of employees, except that of the President/Chief Executive Officer, to the President/Chief Executive Officer, within a range determined by the Board.

Section 14. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the conditions of the Cooperative at the close of such fiscal year.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts. Except as otherwise provided in this Code of Regulations, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

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

When any note, bond or other evidence of indebtedness of the Cooperative is authenticated or countersigned by an incorporated director, the signature of any officer of the Cooperative authorized to sign any such instrument may be facsimile, engraved, stamped or printed. Although any officer of the Cooperative whose manual or facsimile signature is affixed to any such instrument ceases to be such officer before the instrument is delivered, such instrument nevertheless shall be effective in all respects when delivered.

ARTICLE VII FINANCIAL TRANSACTIONS

Section 1. Fiscal Year. The fiscal year of the cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of each year.

Section 2. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 3. Patronage Capital in Connection with Furnishing Services. In the furnishing of Products, Resources and Services, the Cooperative's operations shall be so conducted that all patrons, members and

nonmembers alike, will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account, on a patronage basis, to all its members for all amounts received and receivable from the furnishings of Products, Resources and Services in excess of operating costs and expenses properly chargeable against the furnishing of Products, Resources and Services; and amounts required to affect any losses incurred during the current or any prior fiscal year. All such amounts are received with the understanding that they are furnished by the members as capital. The Cooperative is obligated to pay, by credits to a capital account for each member, all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to such member's account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of legal obligations to do so and the member had then furnished the Cooperative corresponding amounts for capital. The Board may designate separate classes of capital and separate classes of capital accounts for members based on the particular type or types of Products, Resources or Services furnished to such members. Upon such designation, the Cooperative shall separately account for such classes of capital and treat such classes of capital separately for all purposes hereunder. A particular member may have more than one such class of capital account if such member receives more than one type of Product, Resource and Service from the Cooperative.

Funds and amounts, other than from furnishing Products, Resources, and Services, received by the Cooperative that exceed the Cooperative's costs and expenses, including certain "non-operating margins" may, at the discretion of the Board of Directors be allocated as capital credits to members in the same manner as the Cooperative allocates capital credits to members; or used by this Cooperative as permanent, non-allocated capital.

Notwithstanding any provision of this ARTICLE VII, the amount credited to the capital of members on account of their patronage shall be the greater of alternative minimum taxable income or regular taxable income resulting from their patronage as determined under Federal income tax law. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members; PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated assets, such gains shall be distributed to all persons who were members during the period the asset was owned by the Cooperative in proportion to the amount of business done by such members during that period insofar as practicable, as determined by the Board of Directors, before any payments are made on account of property rights of members.

If, at any time, prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as patronage capital.

Discounted capital credit retirements shall be calculated based upon terms and conditions established by the Board of Directors. All amounts of capital allocated to members but retained by the Cooperative after retirements on a discounted basis shall be considered a contribution of capital to the Cooperative and part of the "Net Savings" of the Cooperative. "Net Savings" of the Cooperative will not be reallocated as excess margins to any former or current Cooperative members, except upon dissolution or liquidation, on terms and conditions established by the Board of Directors.

Provided further, however, that the Board shall have the power to adopt rules providing for the separate allocation and retirement of that portion of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an associated organization furnishing Products, Resources and Services and/or furnishing financing service to the Cooperative. Such rules shall:

- (a) establish a method for determining the supply portion of capital credited to each member for each applicable fiscal year;
- (b) provide for separate identification on the Cooperative's books of the supply portion of capital credited to the Cooperative's members;
- (c) provide for appropriate notifications to members with respect to the supply portion of capital credited to the Cooperative's members; and
- (d) preclude a general retirement of the supply portion of capital credited to members for any fiscal year prior to the general retirement of other capital credited to members for the same year or any capital credited to patrons for any prior fiscal year.

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 mail 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.

Notwithstanding any other provision of the Articles of Incorporation or the Code of Regulations, the Board of Directors, at its discretion, shall have the power at any time upon the death of any member, if the legal representative of a member's estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired, to retire capital credited to any such member immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such member's estate shall agree; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such

terms and provisions. The provisions of this ARTICLE VII shall be called to the attention of each patron of the Cooperative by posting it at a conspicuous place in the Cooperative's office.

ARTICLE VIII
WAIVER OF NOTICE

Any member or Director may waive, in writing, notice of meetings required to be given by this Code of Regulations.

ARTICLE IX
MERGER, CONSOLIDATION AND
DISPOSITION OF PROPERTY

The Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless:

- (a) such property which, in the judgement of the Board of Directors, neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided however, that all sales of such property shall not, in any one (1) year, exceed in value ten percentum (10%) of the value of all of the property of the Cooperative;
- (b) such sale, mortgage, lease or other disposition, encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than sixty-six and 2/3 percentum (66 2/3%) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, other disposition, encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however that notwithstanding any other provision of this ARTICLE IX, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages, deeds of trust, security agreements and financing statements or otherwise pledge, encumber, subject, to a lien or security interest, any or all of the property, assets rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom; all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to any bona fide lender, lending institution or investor, provided, further, however, that notwithstanding any other provision of this ARTICLE IX, the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another nonprofit corporation which is a cooperative.

Notwithstanding the foregoing provisions of this ARTICLE IX, nothing contained herein shall be deemed or construed to prohibit an exchange of facilities with other Products, Resources and Services companies when in the judgement of the Board of Directors the facilities are of approximately equal value, but in no event shall the value of the Cooperative's facilities exchanged within one (1) year exceed five percentum (5%) of the total assets of the Cooperative.

ARTICLE X
AMENDMENTS TO CODE OF REGULATIONS

This Code of Regulations may be altered, amended or repealed only by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. Any alteration, amendment or repeal of this ARTICLE X or ARTICLE IX shall require the affirmative vote of at least sixty-six and 2/3 per centum (66 2/3%) of the members of the Cooperative, and no other provision of this Code of Regulations may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required for action under that provision.

ARTICLE XI
INDEMNIFICATION

Section 1. General. The Cooperative shall indemnify each Board member, officer, employee, agent and volunteer, as defined in Section 1702.01(M)(1) of the Ohio Revised Code, now or hereafter serving the Cooperative and each person who at the request of or on behalf of the Cooperative is now serving or hereafter serves as a director, officer, employee, agent or volunteer of any other corporation or enterprise, and the respective heirs, executors and administrators of each of them who was or is a party, or is threatened to be made a party, to any threatened, pending or completed civil, criminal, administrative or investigative action, suit or proceeding, including all appeals, against all costs, expenses, judgments, decrees, fines, penalties, or settlements in lieu thereof in connection with the action, suit, or proceeding brought by a third party or on behalf of the Cooperative against such person by reason of his or her being or having been such Board member, director, officer, employee, agent or volunteer whether or not the person is a Board member, director, officer, employee, agent or volunteer at the time of incurring such costs, expenses, judgments, decrees, fines, penalties and liabilities; provided that the person requesting indemnification acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Cooperative. Notwithstanding the foregoing, no indemnity shall be provided by the Cooperative if it is proved by clear and convincing evidence in a court of competent jurisdiction that the act or omission giving rise to such action, suit or proceeding was undertaken with the deliberate intent to cause injury to the Cooperative or with reckless disregard for the best interests of the Cooperative and, with respect to any criminal action or proceeding, that such person had reasonable cause to believe his or her conduct was unlawful.

Indemnification of the Board member, director, officer, employee, agent or volunteer of the Cooperative as provided for in the preceding paragraph shall be granted by the Cooperative upon a determination that indemnification of such person is proper under the foregoing standard of conduct. This determination shall be made as a result of or by obtaining any of the following:

- (a) a majority vote of a quorum of the Board members who are not parties to or threatened with the action, suit or proceeding giving rise to the indemnification request;
- (b) a written legal opinion from independent legal counsel, other than an attorney or firm having associated with it an attorney, who has been retained by or who has performed services for the Cooperative or any person to be indemnified within the past five years;

- (c) a decision by the members of the Cooperative; or
- (d) a decision by the court of common pleas or the court in which the action, suit or proceeding necessitating the indemnification request was commenced or decided.

Unless the action, suit or proceeding referred to in this section arises solely under Ohio Revised Code §1702.55, any expenses (including attorney's fees) incurred by the person seeking indemnification in defending the action, suit, or proceeding shall be paid by the Cooperative as they are incurred, in advance of the final disposition of the action, suit or proceeding; provided, however, that such person agrees to (a) repay all amounts paid by the Cooperative if it is proved by clear and convincing evidence in a court of competent jurisdiction that the act or omission was undertaken with a deliberate intent to cause injury to the Cooperative or was undertaken with reckless disregard for the best interests of the Cooperative, and (b) fully cooperates with the Cooperative throughout the pendency of the action, suit or proceeding.

Section 2. Indemnification Not Exclusive. The right of indemnification provided for by Section 1 of this ARTICLE XI shall not be exclusive of any other rights to which a Board member, director, officer, employee, agent or volunteer may be entitled under any law, agreement, vote of shareholders, vote of members, any insurance purchased by the Cooperative, or otherwise.