

NOTICE OF ANNUAL MEETING

The Annual Meeting of the Members of the Southwest Tennessee Electric Membership Corporation will be held at the College Hill Auditorium on Grand Street, Brownsville, Tennessee, on Friday, August 11, 1989, beginning at 6:00 P.M., to take action upon the following matters.

1. The report of officers, trustees, and committees.
2. The election of three (3) trustees of the Cooperative.
3. Any and all other business which may properly come before the meeting or any adjournments or adjournments thereof.

The following members have been nominated for Trustees by the Committee of Nominations appointed by the Board of Trustees of the Cooperative pursuant to the Bylaws.

DISTRICT NO. 1 - composed of Haywood County, Hardeman County, Crockett County and the northeast corner of Fayette County.

James Earl Bomar, 342 Woodland, Whiteville, TN 38075

Harry Ferguson, 420 Vine St., Whiteville, TN 38075

DISTRICT NO. 2 - composed of Tipton County, Lauderdale County and the northwest corner of Fayette County.

John T. (Jack) Marshall, Rt. 1, Box 265, Mason, TN 38049

Douglas (Doug) Walker, 144 N. Main, Atoka, TN 38004

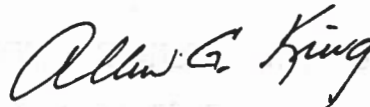
DISTRICT NO. 3 - composed of Madison County, Chester County and Henderson County.

W. B. McKinnon, Rt. 2, Box 1, Henderson, TN 38340

Ricky W. Ramey, Rt. 4, Box 18, Henderson, TN 38340

Please review the candidates' resumes and cast your vote on the enclosed ballot. An interesting program has been arranged for your entertainment at this year's annual meeting.

This the 28th day of July, 1989.



ALLEN G. KING, SECRETARY-TREASURER OF
SOUTHWEST TENNESSEE ELECTRIC MEMBERSHIP
CORPORATION

REMEMBER, ALL VOTING MUST BE DONE BY MAIL. PLEASE MAIL YOUR BALLOT EARLY. YOU WILL NOT BE ABLE TO VOTE AT THE ANNUAL MEETING.

RESUMES OF NOMINEES FOR TRUSTEES

NOMINEE JAMES EARL BOMAR is a resident of Whiteville, Tennessee and has been an active member of Southwest since November, 1946. In 1979, he retired from his business as owner and operator of the Exxon Service Center in Whiteville. The World War II veteran still has an interest in farming, hunting and fishing.

Mr. Bomar is married and has five children and six grandchildren. His wife, Frances, is a clerk at the post office and a homemaker. (Address: P.O. Box 304, 342 Woodland, Whiteville, TN 38075)

INCUMBENT TRUSTEE HARRY FERGUSON has served on the Board of Trustees for 21 years. He is a native of Hardeman County, received his education in Whiteville, North Texas State Univeristy and a business school in Memphis. The World War II veteran is a farmer, operator of a cattle feeding lot and other related farm business. He was a county committeeman on the ASC Committee and has served as Chairman. He is a member of the Whiteville Methodist Church and is Chairman of the Church's Board of Trustees.

Mr. Ferguson is married and has three children. His wife, Eloise, is a retired Home Economics teacher. (Address: P.O. Box 28, 420 Vine St., Whiteville, TN 38075)

INCUMBENT TRUSTEE JOHN T. (JACK) MARSHALL is a native of Tipton County. He is presently managing John Marshall Insurance, Inc. and also has farming interests. He is a past member of the Board of Directors of the Tipton County Farmers' Co-op, past member of the Tipton County ASC Committee, former member of the Mason Lions Club, and a former manager of Dixie Youth Baseball which he coached for ten years. He is presently the Chairman of the Board of the Mason United Methodist Church and a Sunday School teacher. He is a member of the Covington-Tipton County Chamber of Commerce and is presently the Secretary-Treasurer of Mason Farm Services, Inc.

Mr. Marshall is married and has three children and three grandchildren. His wife, Claire, is an insurance agent and homemaker. (Address: Rt. 1, Box 265, Mason, TN 38049)

NOMINEE DOUGLAS (DOUG) WALKER is a native of Tipton County and has been an active member of Southwest since April 1, 1961. The World War II veteran is the owner and general manager of the Atoka Fertilizer Company and the Munford Ginning Company. He owns and operates an extension farming interest in Tipton County. He is a member of the Tennessee Ginners Association and on the Board of the Southern Cotton Ginners Association. He has served as President of the Tennessee Ginners Association and has been a delegate to the National Cotton Council.

Mr. Walker is married and his wife, Gladys, is the Treasurer-Bookkeeper for her husband's companies. They have three children and six grandchildren. (Address: P.O. Box 100, 144 N. Main St., Atoka, TN 38004)

INCUMBENT TRUSTEE W. B. MCKINNON has been on the Board since 1983. He is a native of Chester County and is a cattle farmer and works part-time in a cabinet shop. He is a member of the Chamber of Commerce and is a former county committeeman on the ASC Committee. He is a member of the Trinity United Methodist Church and is on the Board of Trustees.

Mr. McKinnon is married and has two children and two grandchildren. His wife, Jo Ann, owns and operates the Merle Norman Cosmetic Studio and Gift Shop in Henderson. (Address: Rt. 2, Box 1, Henderson, TN 38340)

NOMINEE RICKY W. RAMEY resides in Chester County and has been a member of Southwest since June, 1980. He is an Over-the-Road Driver for the Milan Express Co., Inc. He was employed for many years by the Grinnell Manufacturing Company in Henderson. He is Chairman of the Pastorial Committee, President of the Methodist Men's Breakfast Club and Adult Sunday School teacher at the Trinity United Methodist Church in Henderson.

Mr. Ramey is married and his wife, Lynn, works for J. T. Baker, Inc. in Jackson. (Address: Rt. 4, Box 18 Sugarcreek, Henderson, TN 38340)

SOUTHWEST'S 52ND ANNUAL MEETING

Friday Night - August 11 - College Hill Auditorium

PROGRAM

6:00 P.M. - MEMBER'S REGISTRATION FOR DOOR PRIZE DRAWING

6:30 to 7:45 P.M. - ENTERTAINMENT:

THE ENCORES DAVID CURTIS BAND HARMONIZERS

7:45 to 8:15 P.M. - BUSINESS MEETING

8:15 to 8:45 P.M. - DRAWING FOR DOOR PRIZES

REMEMBER, ALL VOTING MUST BE DONE BY MAIL. PLEASE MAIL YOUR BALLOT EARLY. YOU WILL NOT BE ABLE TO VOTE AT THE ANNUAL MEETING.

NOTICE OF ANNUAL MEETING

The Annual Meeting of the Members of the Southwest Tennessee Electric Membership Corporation will be held at the College Hill Auditorium on Grand Street, Brownsville, Tennessee, on Friday, August 10, 1990, beginning at 6:00 p.m., to take action upon the following matters.

1. The report of officers, trustees, and committees.
2. The election of three (3) trustees of the Cooperative.
3. Any and all other business which may properly come before the meeting or any adjournments or adjournments thereof.

The following members have been nominated for Trustees by the Committee of Nominations appointed by the Board of Trustees of the Cooperative pursuant to the Bylaws.

District NO. 1 - composed of Haywood County, Hardeman County, Crockett County and the northeast corner of Fayette County.

Allen G. King, Rt. 2, Brownsville, TN 38012
French Richards, Jr., 2097 Tritt Road, Brownsville, TN 38012

District NO. 2 - composed of Tipton County, Lauderdale County and the northwest corner of Fayette County.

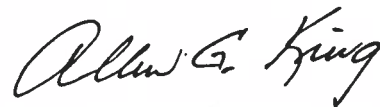
Robert L. Henry, Rt. 2, Box 73, Henning, TN 38041
William S. Thomas, Rt. 5, Ripley, TN 38063

District NO. 3 - composed of Madison County, Chester County and Henderson County.

Hugh H. Harvey, Rt. 1, 79 Passmore Lane, Jackson, TN 38305
Howard Sidney McLeary, Jr., Rt. 5, 166 Ed Smith Rd., Humboldt, TN 38343

The enclosed proposed Bylaws for Southwest have been placed before the membership for consideration. Southwest's Board of Trustees and Management request that you review these proposed Bylaws and vote either for or against said proposed Bylaws. A summary of the changes found in the proposed Bylaws is located on the back of this Notice of Annual Meeting along with the resumés of nominees for trustees. Members are urged to cast their vote on the enclosed ballot and use the postage paid envelope to return their ballot to the cooperative.

This the 20th day of July, 1990



ALLEN G. KING, SECRETARY-TREASURER OF
SOUTHWEST TENNESSEE ELECTRIC MEMBERSHIP
CORPORATION

Remember, All Voting Must Be Done By Mail. Please Mail Your Ballot Early. You Will Not Be Able To Vote At The Annual Meeting.

DISTRICT 1

INCUMBENT ALLEN G. KING has served on the Board of Trustees as secretary-treasurer since 1979. He is a native of Haywood County and has an agricultural degree from UT at Knoxville. He is a full-time farmer and is active in the AAM Producers Organization, the National Cotton Council, the Staplcotton Marketing Cooperative, the Haywood Farmers Cooperative and the Haywood County Commission. He is an elder at the First Presbyterian Church.

Mr. King is married and his wife, Patsy, is a homemaker. They have two sons who farm with their father and one daughter who is married and lives in Brownsville. (Address: Route 2, Brownsville, TN 38012)

NOMINEE FRENCH RICHARDS, JR., is a native of Haywood County and has been a member of Southwest since 1960. He is a full-time farmer and previously worked in the insurance and cotton gin business. He is a member of the American Agricultural Movement, the Farm Bureau, Soil Conservation Board, Advisory Board of the Staplcotton Cooperative and is on the Board of the Farmers Cooperative. He serves as Chairman of the ASCS County Committee and is President of the Brownsville Feeder Sales. Mr. Richards attends First Methodist Church and is on the administrative board.

He is married with three children. His wife, the former Wayman Pentecost, is a housewife. They have two sons, one is a student at MSU and one who is employed in Memphis. Their daughter is married and lives in Brownsville. (Address: 2097 Tritt Road, Brownsville, TN 38012)

NOMINEE ROBERT L. HENRY is a native of Lauderdale County and has been an active member of Southwest since 1968. After his retirement from the Army's Special Forces in 1966, he worked for the Fort Pillow State Park and retired as the superintendent of the park in 1982. He is a full-time farmer and is a member of the Farm Bureau, Farmers Cooperative and the Masonic Lodge. Mr. Henry is also a substitute mail carrier for the Henning Post Office.

Mr. Henry is married with two children. His wife, Marie, works as personnel officer for Fort Pillow Prisons. His son is also employed at the prison, while his daughter works for the FBI. (Address: Rt. 2, Box 73, Henning, TN 38041)

DISTRICT 3

INCUMBENT WILLIAM S. THOMAS, JR., resides in the Durhamville Community of Lauderdale County. He was elected to the Southwest Board of Trustees in 1987 and has been a consumer of Southwest since 1958. Mr. Thomas serves on the ASCS County Committee and is a member of the Farm Bureau. He retired from active farming this year.

Mr. Thomas and his wife, Inez, attend St. Paul's Methodist Church. They have one daughter who is employed by Home Bound Medical. (Address: Rt. 5, Ripley, TN 38063)

INCUMBENT HUGH H. HARVEY presently holds the office of vice-president on the Board of Trustees. He is a native of Madison County, with a degree from Union University. He has previously been employed as a high school coach, teacher, property appraiser and is presently a full-time farmer. He was a tank commander in the Army and a member of the National Guard. He's past president of the North Side Lions Club and serves as board chairman of the Madison County Farmers Cooperative. He's on the board of Harris Grove United Methodist Church, and has served 14 years on the Madison County Commission.

Mr. Harvey is married to the former Dorothy Pearson, a supervisor with the Madison County Schools. Their son is an attorney. (Address: Rt. 1, 79 Passmore Lane, Jackson 38305)

NOMINEE HOWARD SIDNEY MCLEARY, JR., is a native of Madison County and has been a member of Southwest since 1982. He is a supervisor for Porter Cable Power Tool Division in Jackson and has been employed there for 18 years. He is a Mason and works with the Gideon organization in his spare time. He is a graduate of Jackson State and is an avid football fan of both UT at Knoxville and Martin.

Mr. McLeary is married and has one daughter. His wife, Pat, is secretary for Hillcrest Baptist Church. (Address: Rt. 5, 166 Ed Smith Road, Humboldt, TN 38343)

DISTRICT 1

DISTRICT 2

Program

**6:00 P.M. - Member's Registration
for Door Prize Drawing**

**6:30 to 7:45 P.M. - Entertainment:
The Ramblers**

The Gospel Starlights

7:45 to 8:15 P.M. - Business Meeting

8:15 to 8:45 P.M. - Drawing for Door Prizes

The proposed Bylaws consist primarily of the same articles and subdivisions as the present Bylaws. To comply with the Tennessee Rural Electric and Community Services Cooperative Act, articles contain terminology changes. One example is trustees will now be called directors.

Article I was divided into two articles (I and II) and additional Bylaw requirements on membership were added. Article XV was expanded to allow the Board of Directors to make necessary Bylaw changes if such Bylaw is illegal or has become a legal nullity or when necessary to comply with Postal Regulations or Internal Revenue Code.

Article IV calls for the redistricting of the cooperative service area. Under this proposed Bylaw section, Southwest would have two directorate districts (#1 and #2). The dividing line would be the west boundary of Haywood County and/or the Hatchie River. The article also increases the number of directors to ten, five in each district. A new director would be added in 1991 and would be from District #1 or the western service area. The tenure for the Board of Directors will remain at three years.

Please note that the Board of Trustees of Southwest recommends the adoption of the proposed Bylaws.

SOUTHWEST'S 53RD ANNUAL MEETING

Friday Night - August 10 - College Hill Auditorium

ARTICLE VIII
MEMBERSHIP CERTIFICATES

SECTION 8.01. CERTIFICATES OF MEMBERSHIP. Membership in the Cooperative may, if the Board of Directors so resolves, be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with the Articles of Conversion of the Cooperative or these Bylaws. Such certificates shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

SECTION 8.02. ISSUE OF MEMBERSHIP CERTIFICATES. No membership certificates shall be issued for less than the membership fee, any required service security deposits, facilities extension deposits, service connection fees, or contributions of aid of construction have been fully paid, and such payment has been deposited with the Treasurer.

SECTION 8.03. LOST CERTIFICATE. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE IX
REVENUES AND RECEIPTS

SECTION 9.01. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a Cooperative nonprofit 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 9.02. DISPOSITION OF REVENUES; DISTRIBUTION OF EXCESS. With respect to the Cooperative's furnishing of electric service, the revenues therefrom for any fiscal year, in excess of the amount thereof necessary:

- (1) to defray expenses of the Cooperative, including the operation and maintenance of its facilities during such fiscal year;
 - (2) to pay interest and principal obligations of the Cooperative coming due in such fiscal year;
 - (3) to finance, or to provide a reserve to finance, the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board;
 - (4) to provide a reasonable reserve for working capital;
 - (5) to provide a reserve for the payment of indebtedness of the Cooperative maturing more than one year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year;
- to comply with any covenant or obligation of the Cooperative pursuant to any contract it has entered into; and
- (7) to provide a fund for education in cooperation and for the dissemination of information concerning the effective use and conservation of electric power and energy and concerning any other services made available by the Cooperative, including, if the Board so authorizes, publication of or subscription to a Cooperative newsletter and/or a statewide or regional publication.

shall be distributed or credited by the Cooperative to patrons:

- (a) as patronage refunds prorated in accordance with the patronage of the Cooperative by the respective patrons paid for during or with respect to such fiscal year; or
- (b) by way of general reductions of rates or other charges; or
- (c) by any combination of such methods.

SECTION 9.03. USE OF CONTRIBUTED CAPITAL. The primary purpose of this Cooperative shall be to extend to and provide its patrons with electrical current and energy at the lowest feasible rate or charge consistent with prudent management and sound economy. Therefore, all amounts received and receivable from the furnishing of electric energy to patrons, members and nonmembers alike, in excess of operating costs and expenses properly chargeable against the furnishing of electric energy are at the moment of receipt by the Cooperative received with the understanding that such amounts are furnished by the patrons as capital. Capital contributed by the patrons shall be used only for capital purposes including, without limitation, new electric system construction, the retirement of electric system indebtedness at or prior to maturity, and working capital adequate for all purposes including facilitation of general rate reductions.

SECTION 9.04. ASCERTAINMENT OF CONTRIBUTED CAPITAL. The Cooperative shall maintain such books and records as will enable it at any time to compute, upon reasonable notice, the amount of capital contributed during any given period by each of its patrons.

SECTION 9.05. CONTRACT. The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the provisions of this Article of the Bylaws shall constitute and be a contract between the Cooperative and non-member patrons, and both the Cooperative and such 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 of the Bylaws shall be called to the attention of such patrons by being posted in a conspicuous place in the Cooperative's offices.

SECTION 9.06. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES OR GOODS. In the event that the Cooperative should engage in the business of furnishing services or goods other than electric power energy, all amounts received and receivable

therefrom which are in excess of costs and expenses properly chargeable thereto shall, insofar as permitted by law, be prorated annually on a patronage basis and, subject to their prior use for any proper purposes, be returned to those patrons from whom such amounts were obtained pursuant to such method, at such time, on such basis and in such order of priority as the Board of Directors shall determine.

ARTICLE X
WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XI
DISPOSITION AND PLEDGING OF PROPERTY;
DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01. DISPOSITION AND PLEDGING OF PROPERTY. The Cooperative may authorize the sale, lease, lease-sale, disposition, pledging, mortgaging or encumbering of all, a substantial portion or any part of its assets and properties as provided by law, including Sections 65-25-113 and 114 of the Tennessee Code Annotated, as the same may from time to time be amended.

SECTION 11.02. DISTRIBUTION OF SURPLUS ASSETS ON VOLUNTARY DISSOLUTION. Upon the Cooperative's voluntary dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged, or adequate provision therefor has been made, shall be distributed as provided for in Section 65-25-120 (b) (2) of the Tennessee Code Annotated, as the same may from time to time be amended.

ARTICLE XII
FISCAL YEAR

The Cooperative's fiscal year shall begin on the first day of the month of July of each year and end on the last day of the month of June following.

ARTICLE XIII
RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws. This Article shall be subordinate to any other provision of these Bylaws pertaining to the votes required for action by members, directors or committees.

ARTICLE XIV
SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal".

ARTICLE XV
BYLAW AMENDMENTS

SECTION 15.01. POWER TO AMEND. The Cooperative's Bylaws may, subject to Section 15.02 be changed (adopted, amended or replaced) by the members; PROVIDED, either the Board of Directors or the members may change any bylaw if, as established by law, such bylaw is illegal or has become a legal nullity or when necessary to comply with Postal Regulations or Internal Revenue code.

SECTION 15.02. PROCEDURE FOR AMENDING. A bylaw may be changed only if (1) a copy or an accurate summary explanation of the proposed change is contained in or with the notice of the member or Board meeting at which it is to be acted upon; and (2) if to be acted upon by the members, it is sponsored by the Board of Directors or at least fifty (50) members who over their signatures file with the Cooperative a petition, proposing such change and setting forth with particularity the wording thereof and the time that the change is to become effective, at least forty-five (45) days prior to the date of the member meeting at which such change is proposed to be acted upon; PROVIDED, if the Cooperative is presented with a written request by one or more, but less than fifty (50) members that a bylaw change be noticed to and acted upon by the members, and if the request sets forth with particularity the wording of the proposed change and the time that the change is to become effective, the Board of Directors may, but shall not be obligated to, waive the foregoing petition requirement and cause such proposed bylaw change be noticed or acted upon; PROVIDED FURTHER, the Board of Directors shall not cause any proposed bylaw change to be noticed or acted upon, or permit any amendment to a proposed bylaw change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity. A change so noticed may be amended from the floor of the member or Board meeting at which it is being considered if the amendment is germane thereto.

SOUTHWEST TENNESSEE ELECTRIC MEMBERSHIP CORPORATION
BYLAWS
PROPOSED TO MEMBERSHIP, AUGUST 10, 1990

ARTICLE I
MEMBERSHIP

SECTION 1.01. ELIGIBILITY. Any natural person, firm, association, corporation, cooperative, business trust, partnership, federal, state or local government, or departments, agencies or any other political subdivision thereof (each hereinafter referred to as "person," "applicant," "him" or "his") shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from Southwest Tennessee Electric Membership Corporation (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

SECTION 1.02. APPLICATION FOR MEMBERSHIP; RENEWAL OF PRIOR APPLICATION. Application for Membership -- wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations") -- shall be made in writing on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is not approved. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Tennessee legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. MEMBERSHIP FEE; SERVICE SECURITY AND FACILITY EXTENSION DEPOSITS; CONTRIBUTION IN AID OF CONSTRUCTION. The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

SECTION 1.04. JOINT MEMBERSHIP. A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership. The words "member," "applicant," "person," "his" and "him," as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

- (a) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote;
- (c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute suspension or termination of the joint membership;
- (e) either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefor; and
- (f) neither will be permitted to have any additional service connections except through their one joint membership unless such already existed as an individual membership prior to creation of the joint membership.

SECTION 1.05. ACCEPTANCE INTO MEMBERSHIP. Upon complying with the requirements set forth in Section 1.02, any applicants shall automatically become a member on the date of his connection for the electric service; PROVIDED, the Board of Directors may by resolution deny an application and refuse to extend service upon

its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause.

SECTION 1.06. SERVICE TO NON-MEMBERS. The Cooperative shall render service to its members only; provided, however, that service may be rendered to governmental agencies and political subdivisions and to other persons not in excess of fifteen per centum (15%) of the number of its members.

SECTION 1.07. EXCESS PAYMENTS TO BE CREDITED AS MEMBER FURNISHED CAPITAL. All amounts received and receivable from the furnishing of electric energy to members and non-members in excess of operating costs and expenses properly chargeable against the furnishing of electric energy are, at the moment of receipt by the Cooperative, received with the understanding that such amounts are furnished by members and non-members alike as capital as provided in Section 9.03 of these Bylaws.

SECTION 1.08. PURCHASE OF ELECTRIC POWER AND ENERGY; POWER PRODUCTION BY MEMBER; APPLICATION OF PAYMENTS TO ALL ACCOUNTS. The Cooperative shall use reasonable diligent efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefor at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 1.09. WIRING. Service to any person may in the discretion of the Board of Directors be conditioned upon such person furnishing to the Cooperative the certificate of a reputable inspector stating that the wiring of the premises served or to be served complies with all local regulations and is in accordance with the latest rules and regulations of the National Electrical Code of the National Board of Fire Underwriters for the installing of electric wire, apparatus, and appliances, and is in accordance with the wiring specifications prescribed by the Rural Electrification Administration. The requirement or waiver of such a certificate, however, or the supplying of service on the basis thereof, shall not subject the Cooperative to liability to any member or other person for any damages or injuries sustained by reason of defects existing in the wiring of such premises.

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 electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto, safely and without interference from hostile dogs or any other hostile source, for meter reading and bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, 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 his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. 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 should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors 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. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or

any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

SECTION 1.10. MEMBER TO GRANT EASEMENTS TO COOPERATIVE AND TO PARTICIPATE IN REQUIRED COOPERATIVE LOAD MANAGEMENT PROGRAMS. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

ARTICLE II MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. SUSPENSION REINSTATEMENT. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. TERMINATIONS BY EXPULSION: RENEWED MEMBERSHIP. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefor, duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

SECTION 2.03. TERMINATION BY WITHDRAWAL OR RESIGNATION. A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04. TERMINATION BY DEATH OR CESSATION OF EXISTENCE: CONTINUATION OF MEMBERSHIP IN REMAINING OR NEW PARTNERS. The death of a natural person member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: Provided, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: Provided further, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

SECTION 2.05. EFFECT OF TERMINATION. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. EFFECT OF DEATH, LEGAL SEPARATION OR DIVORCE UPON A JOINT MEMBERSHIP. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: Provided, that the estate of the deceased spouse shall not be released from any debts due to the Cooperative. Upon the legal separation or divorce of the holders

of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint: Provided, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. BOARD ACKNOWLEDGEMENT OF MEMBERSHIP TERMINATION; ACCEPTANCE OF MEMBERS RETROACTIVELY. Upon the termination of a person's membership for any reason, the Board of Directors, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly: Provided, that, should the Cooperative acquire any electric facilities dedicated or devoted to the public use, it may for the purpose of continuing service and avoiding hardship and to an extent which shall not exceed fifteen (15%) percent of the total number of persons served by the Cooperative, continue to serve the persons served directly from such facilities at the time of such acquisition, without requiring that such persons become members: Provided further, that such nonmembers shall have the right to become members upon nondiscriminatory terms.

SECTION 2.08. CHANGE IN PREMISES TO BE SERVED. Any member who moves from one location to another shall be entitled to receive service at his new location if (a) the member notifies the Cooperative of his change in location, describing the new premises and the type and approximate amount of service desired therefor, (b) the new location is within the area of service of the Cooperative, as determined by the Board of Directors, and (c) such member pays a reasonable connection charge, the amount of which shall be determined by the Board of Directors.

SECTION 2.09. REMOVAL FROM SERVICE AREA OF COOPERATIVE. When in the judgment of the Board of Directors the financial condition of the Cooperative justifies it, the Board of Directors may authorize the repurchase of memberships from members who have disposed of premises served by the Cooperative or removed from its service area.

In case the Cooperative disposes of facilities which are necessary for the service of any members thereof, such members shall be notified of such disposition at least two (2) months in advance and shall be entitled to have their respective memberships repurchased by the Cooperative.

Repurchased memberships shall be cancelled.

ARTICLE III MEETINGS OF MEMBERS

SECTION 3.01. ANNUAL MEETING. The Annual Meeting of the members shall be held on the second Friday in August of each year, as shall be determined and designated by the Board of Directors and as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. SPECIAL MEETINGS. Special meetings of the members may be called by the Board of Directors, by that number of directors that is one (1) less than a majority of the directors in office, or upon a written request signed by at least ten per centum (10%) 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. Special Meetings of the members may be held at any place within the area served by the Cooperative as shall be determined and designated by the Board of Directors and which place must be specified in the notice of the Special Meeting.

SECTION 3.03. NOTICE OF MEMBER MEETINGS. Written or printed notice of the place, date and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member, by mail, by the Secretary (and, in the case of a special meeting, at the direction of those calling the meeting). Any such notice may be included with member service billings or as an integral part of the Cooperative's monthly newsletter. No matter the carrying of which, as provided by law, requires the affirmative votes of at least a majority of all the Cooperative's members shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked not later than the minimally required days prior to the meeting date that notice must be given, as follows:

- (1) except as otherwise provided in these Bylaws, not less than ninety (90) days prior to the date of a meeting of the members at which the Cooperative's dissolution or the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used or

useful in furnishing electric service is scheduled to be considered and acted upon; or

- (2) Not less than sixty (60) days prior to the date of a meeting of the members of the Cooperative:
 - (a) Having a primary purpose and at which the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used or useful in pursuance of one (1) or more secondary purposes is, solely because its bylaws so require, scheduled to be acted upon by the members; or
 - (b) Having one (1) or more secondary purposes only and at which the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used or useful in pursuance of one (1) or more such purposes is scheduled to be considered and acted upon;
- (3) except as otherwise provided in these Bylaws, not less than forty-five (45) days prior to the date of a meeting of the members of the Cooperative at which a merger or consolidation with one or more other cooperatives is scheduled to be considered and acted upon; or
- (4) if subdivision (1), (2) or (3) foregoing is not applicable, not less than five (5) nor more than twenty-five (25) days prior to the date of the meeting.

The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting, unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. QUORUM. A quorum for the transaction of business at meetings of the members shall, except as provided in the next following sentence, be the lesser of two percent (2%) of all members or one hundred (100) members; and, once such a quorum is established, the meeting may proceed to transact all business that may lawfully come before it so long as at least the lesser of one percent (1%) of all members or fifty-one (51) members remain present. In the case of a meeting of the members at which the dissolution of the Cooperative or the sale or lease-sale of all or any substantial portion of its assets and property devoted to and used or useful in furnishing electric service is scheduled to be considered and acted upon pursuant to the quorum requirement shall be and shall remain through the meeting ten percent (10%) of all members. If mail balloting is otherwise allowed, ballots so delivered to the Cooperative shall not be counted in determining the existence of a quorum.

If, at any member meeting, less than the required quorum is present to enable the meeting to begin transacting business, or if the quorum requirement for it to continue ceases to exist, a majority of those present may adjourn the meeting from time to time without further notice; PROVIDED, if a majority of those present in person so resolve, the Secretary shall notify any absent members of the time, day and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference a list of those members who were registered as present in person, and a list of those members having voted by mail shall be kept one year.

SECTION 3.05. VOTING. Each member shall be entitled to one (1) vote upon each matter submitted to a vote, regardless of the number of memberships held by the member. Each member entitled to a vote shall be an active member of the Cooperative, who is actually presently receiving service from the Cooperative. Where a membership is issued in the single name of one spouse, the other unnamed but identified spouse shall have a right to cast the vote of the named spouse on any motion, resolution, election or at any meeting of members when the spouse named in the membership is not present at such meeting. All questions and elections shall be decided by a vote of a plurality of the members voting thereon, except as otherwise provided by law, the Articles of Conversion of the Cooperative, or these Bylaws. All voting on the election of Directors, on any motion or resolution, or any other matter submitted to the membership, shall be by mail; however, this provision shall not apply when voting in person is required by law.

SECTION 3.06. VOTING BY MAIL. The Secretary shall enclose with the notice of the annual meeting or special meeting of the members an exact copy of such motion or resolution to be acted upon and such member shall express his or her vote thereon by marking "for" or "against" on each such motion or resolution in the space provided therefor, and in the case of election of directors, the Secretary shall enclose the "Ballot for Directors" to be marked by the member, and the member shall enclose each copy so marked in a sealed envelope bearing the member's name, signature, account number and addressed to the Secretary. When such written vote so enclosed is received by mail or any other reasonable means of delivery from any member, it shall be counted as the vote of the member at such meeting if received by the Cooperative at the main office or any district office by no later than at least three (3) business days prior to the date on which the annual meeting of the members is scheduled to be held, and the Secretary shall announce the winner(s) at such meeting (or by timely written communication mailed to all members if for any reason the meeting is not duly held), and the persons so elected shall take office at the board meeting first held on or after the date on which the member

meeting was scheduled to be held. In case a membership is owned by husband and wife, or joint tenants, with right of survivorship, a written vote received from the owner or owners of this particular membership shall constitute one (1) vote. The failure of any member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken at the meeting by the members at which the ballot is to be voted.

SECTION 3.07. CREDENTIALS AND ELECTION COMMITTEE. At least sixty (60) days before any meeting of the members, the Board of Directors shall appoint a Credentials and Election Committee. The committee shall consist of not less than five (5) nor more than fifteen (15) members of the Cooperative who are not existing Cooperative employees, agents, officers, directors, or known candidates for directors and who are not close relatives (as defined in Section 4.13.) or members of the same household of such persons. In the appointment of the committee, the Board of Directors shall consider the equitable representation of the several areas served by the Cooperative. The committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the committee:

- (a) To establish or approve the manner of conducting member registration;
- (b) To establish or approve any ballot;
- (c) To supervise the count of all ballots or other votes cast in any election;
- (d) To rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast;
- (e) To rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions or nominations or the qualifications of candidates and the regularity of the nominations and election of directors);
- (f) To pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the exercise of the committee's responsibility, the Cooperative will make its legal counsel available for advice;

In the event a protest or objection is filed concerning the election, such protest or objection must be filed during or within three (3) business days following the adjournment of the meeting in which the voting results of the election or the results of any other vote are announced.

Should any such protest or objection be filed, the committee shall thereupon be reconvened, upon notice from its chairman or secretary, nor less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as is presented by the protestors or objectors, who may be heard in person, by counsel, or both, and any opposing evidence.

The committee, by a vote of a majority of those present and voting shall within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof or to set it aside. The committee's decision on all matters covered by this section shall be final. The committee may not act on any matter unless a majority of the committee is present.

SECTION 3.08. 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 be essentially as follows:

1. Call of the roll (or registration of members).
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or 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 directors.
6. Unfinished business.
7. New business.
8. Adjournments.

ARTICLE IV DIRECTORS

SECTION 4.01. NUMBER AND GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of ten directors, which shall exercise all the powers of the Cooperative, except such as are by law or by the articles of conversion of the Cooperative or by these bylaws conferred upon or reserved to the members.

SECTION 4.02. QUALIFICATIONS. No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member of the Cooperative and receiving service therefrom at his primary residential abode, and is not a citizen of the United States; PROVIDED, the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall, notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a director, from the Directorate District in which such member is located, if he or such designee (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year-round resident within or in close proximity to an area served by the Cooperative; BUT PROVIDED FURTHER, no more than one (1) such person may serve on the Board of Directors at the same time. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least eighteen