

ARTICLES OF INCORPORATION

FIRST: The name of the Corporation shall be Guernsey-Muskingum Electric Cooperative, Inc.

SECOND: The place in the State of Ohio where its principal office is located is New Concord, Ohio.

THIRD: The purposes for which the Corporation is formed are:

1. To engage in operations as a public utility rendering electric service to members and non-member patrons; to generate, manufacture, purchase, acquire, and accumulate electric power and/or energy for, and to transmit, distribute, furnish, sell, and dispose of such electric power and/or energy to its members and non-member patrons, and to construct, erect, purchase, lease as lessee, and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange, and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment, and electric transmission and/or distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes; and without limiting the generality of the foregoing, but in amplification thereof, to acquire, in whole or in part, by purchase, lease, or otherwise, other electric generation, transmission and/or distribution systems, which purpose may be effected through the acquisition of real or personal property, or the acquisition of stocks or other corporate securities evidencing the ownership of real and personal property constituting such other electric systems, or portions thereof or through merger or consolidation;
2. To supply electric power and/or energy to its members and non-member patrons without any discrimination or preference as between members and non-member patrons and to enter into and perform franchises and other contracts with political subdivisions, bodies politic, governmental agencies or instrumentalities, industrial and commercial concerns, residential customers and others which franchises or contracts provide for the supplying of electric power and/or energy or otherwise rendering electric service to any such concerns, customers, subdivisions, bodies, agencies, instrumentalities, or the citizens thereof;
3. To acquire, hold, own, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate, encumber, subject to liens or security interests, and in any manner dispose of franchises, rights, privileges, licenses, rights-of-way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;
4. To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of, encumber, subject to liens or security interests any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;
5. To furnish under contract with any person, partnership, firm, political subdivision, body politic or governmental agency or instrumentality, corporation or association technical services, including, without limitation because of enumeration, engineering, bookkeeping, auditing, construction, line and communication equipment, repair and maintenance of distribution systems, meter reading, billing, collecting, financing, and any and all other specialized management or operation services for electrical distribution or transmission firms or companies;
6. To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for monies borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgages, deeds of trust, security agreements, and financing statements, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired; and
7. To assist its members and non-member patrons served by it to wire their premises and install therein electrical and pumping appliances, fixtures, machinery, supplies, apparatus, and equipment of any and all kinds and character; and, in connection therewith, and for such purposes, to purchase, acquire, lease, sell, distribute, install, and repair electrical and pumping appliances, fixtures, machinery, supplies, apparatus, and equipment of any and all kinds and

character; and to receive, acquire, endorse, pledge, hypothecate, and dispose of notes and other evidences of indebtedness;

8. To promote and develop the use of electric power and/or energy and to engage in area development and similar activities in order to promote and develop the use of electric power and/or energy;
9. To aid in any manner permitted by law any firm or individual, corporation or association, domestic or foreign, in which the Corporation may own any shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities, contracts or obligations, or in which the Corporation may have any other legal or equitable interest, and to do any other act permitted by law to preserve, protect, improve or enhance the value of the same or the property represented thereby; and to organize or promote or facilitate the organization of subsidiary corporations;
10. To engage in operations as a public utility rendering such other utility services to members and non-member patrons as the Directors may determine from time-to-time, including without limitation supplying telephone, Internet service, water, natural gas, fuel oil, propane, and cable/satellite television services; and to do and perform all acts and things as may be necessary and convenient to accomplish such purpose, including without limitation purchasing, acquiring, and accumulating materials incidental thereto, transmitting, distributing, furnishing, selling, and disposing of such services to its members and non-member patrons, and constructing, erecting, purchasing, leasing as lessee or lessor, and in any manner acquiring, owning, holding, maintaining, operating, selling, exchanging, and mortgaging real property, plants, buildings, works, machinery, supplies, apparatus, equipment, and transmission and/or distribution systems necessary, convenient, or useful for carrying out and accomplishing such purpose;
11. To do and perform, for itself, its members, and its non-member patrons, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be incidental thereto, or as may be permitted by law.

The enumeration of the foregoing purposes shall not be held to limit or restrict in any manner the general powers of the Corporation, and the Corporation shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon corporations of the character of the Corporation by the laws of the State of Ohio now or hereafter in force. Each purpose enumerated above shall be deemed to be independent of all other purposes and shall not be limited or restricted by reference from any other enumerated powers. The Corporation reserves the right, at any time and from time-to-time, substantially to change its purposes in the manner now or hereafter permitted by law.

FOURTH: This Article is purposely left blank.

FIFTH: The Corporation shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Corporation on any capital furnished by its patrons.

In the furnishing of electric power and/or energy the Corporation's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Corporation. In order to induce patronage and to assure that the Corporation will operate on a non-profit basis the Corporation is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric power and/or energy in excess of operating costs and expenses properly chargeable against the furnishing of electric power and/or energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Corporation are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Corporation is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Corporation 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 patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Corporation shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such

amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Corporation corresponding amounts for capital.

All other amounts received by the Corporation from its operations in excess of costs and expenses shall, insofar as permitted by law, be:

- (a) Used to offset any losses incurred during the current or any prior fiscal year, and
- (b) To the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

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. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in such order of priority as the Board may determine in the reasonable exercise of its discretion.

Capital credited to the account of each patron shall be assignable only on the books of the Corporation pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Corporation unless the Board, acting under policies of general application, shall determine otherwise.

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

The patrons of the Corporation, by dealing with the Corporation, acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations shall constitute and be a contract between the Corporation and each patron, and both the Corporation 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 of the Articles of Incorporation shall be called to the attention of each patron of the Corporation by posting in a conspicuous place in the Corporation's office.

As used in these Articles of Incorporation, the term "Board" shall mean the Board of Directors of the Corporation.

SIXTH: The Corporation 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 such sale, mortgage, lease, other disposition, encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Corporation, 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, the Board of the Corporation, 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 pledging, encumbering, subjecting to a lien or security interest, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Corporation, 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 Corporation to the United States of America

or any instrumentality or agency thereof or to any other bona fide lender, lending institution or investor; provided, further, however, that notwithstanding any other provision of this Article, the Board may upon the authorization of a majority of those members of the Corporation 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 non-profit corporation which is or has been a member of Ohio Rural Electric Cooperatives, Inc.

Notwithstanding the foregoing provisions of this Article, nothing contained herein shall be deemed or construed to prohibit an exchange of electric plant facilities for electric plant facilities of another electric company when in the judgment of the Board such facilities are of approximately equal value, but in no event shall the value of the Corporation's facilities so exchanged within any twelve (12)-month period exceed 10 percent of the total electric plant of the Corporation.

SEVENTH: These Amended Articles of Incorporation take the place of and supersede the existing Articles of Incorporation as heretofore amended.

EIGHTH: This Articles of Incorporation may be altered, amended or repealed 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; provided further that the provisions set forth in this Article and Article SIXTH hereof may not be altered, amended or repealed in any respect unless approved by the affirmative vote of not less than two-thirds of all of the members of the Cooperative; and provided further that no other Article of this Articles of Incorporation 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.