

Bylaws for Directors of United Cooperative Services

ARTICLE IV

SECTION 4.02 Qualifications. No person shall be eligible to become or remain a director of the Cooperative unless such person: (i) is of at least legal age required in Texas to contract and conduct business; (ii) has been a Cooperative member in good standing for the previous twelve months; (iii) is not a close relative of an incumbent director or an employee of the Cooperative; (iv) is receiving Cooperative Services at his primary residence located within the district he does or would represent; (v) is not employed by or financially interested in a competing enterprise, a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; and (vi) does not hold an elected public office in connection with which a salary is paid, unless in the board's determination such salary is de minimus. No employee will be eligible to serve as a director of the Cooperative for a period of five (5) years after termination of employment with the Cooperative. Nothing in this Section 4.02 shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

SECTION 4.04 Election. At each annual meeting of the members, directors shall be elected by secret written ballot by the members and from among those members who are natural persons. The election of a director from any particular Directorate District shall be decided by a plurality of the members voting thereon. Drawing by lot shall resolve, where necessary, any tie vote.

SECTION 4.07 Nominations. In the month of March, the Board shall appoint a Committee on Nominations, consisting of a number of members equal to the number of Directorate Districts of the Cooperative. Members of the Committee on Nominations shall not be current Cooperative employees, agents, officers, directors or known candidates for director, and shall not be close relatives (see "close relative" definition at Section 4.03 of the Bylaws) or members of the same household of such current employees, agents, officers, directors or known candidates for director. Members of the Committee on Nominations shall be selected such that each of the Cooperative's Directorate Districts shall have representation thereon. On or before May 1, the Committee shall prepare and post at the principal office of the Cooperative a list of nominations for directors to be elected, listing separately the nominee for each Directorate District. Any one hundred (100) or more of the members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, such petition for nomination to be delivered on or before July 1, to the General Manager at the Cooperative's headquarters in Cleburne. The General Manager shall have full authority to validate such petition by verifying that at least one hundred (100) of the members of the Cooperative have signed it. Once such petition has been validated, and any such nominees are qualified to stand for election, the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members with the notice of the annual meeting, or separately, but at least ten (10) days prior to the date of the annual meeting, a statement of the names and addresses of all qualified nominees for each Directorate District from which one or more directors must be elected, showing clearly those nominated by the Committee and those nominated by petition, if any. The chairman at the annual meeting, after all nominations so made have been duly announced, shall call for additional nominations from the floor, and shall ascertain and announce after any nominations made from the floor, the particular Directorate District from which any additional candidates have been nominated. Following the announcement of any additional candidates, each

nominee, or the nominee's chosen spokesperson, shall be allotted three 14 (3) minutes in which to address the members at the annual meeting regarding the nominee's nomination. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board after the election of directors.