

deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, license, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any agency or instrumentality thereof or any other lender, and loan money to such lenders.

Section 2. Encumbering Property to Others. The Cooperative may not, except as provided by Section 1 above, sell, lease or otherwise dispose of all or a substantial portion of its property unless such sale, lease or other disposition is authorized by the affirmative vote of not less than two-thirds (2/3) of all members of the Cooperative; members voting thereon must be present and vote in person; PROVIDED, however, that notwithstanding any other provision of these Bylaws, or any other provisions of law, the Board of Directors may, upon authorization of two-thirds (2/3) of all members of the Cooperative at a meeting of the members thereof, called for that purpose, sell, lease or otherwise dispose of all or a substantial portion of its property to another Cooperative or to the holder or holders of any notes, bonds or other evidences of indebtedness issued to the United States of America or any agency or instrumentality thereof or any other lender.

ARTICLE IX

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, South Dakota".

ARTICLE X

FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents, employee or employees, 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 and 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 as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in a bank, banks or depositories as the Board of Directors may select.

Section 4. Change in Rates. The Board shall have full authority to adopt, modify and amend rates to be charged to the patrons and duly notify such patrons from time to time. Also, written notice shall be given to the Administrator of the Rural Electrification

Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Section 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December in the same year.

Section 6. Debt Limitation. The Cooperative shall have power to borrow money and otherwise contract indebtedness, and to issue notes, bonds, and other evidences of indebtedness, and to secure the payment thereof by mortgage, pledge, or deed of trust, or any other encumbrance upon, any or all of its then owned or after acquired real or personal property, assets, franchises, or revenues.

ARTICLE XI MISCELLANEOUS

Section 1. Membership in Other Organizations. The Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization for the purpose of engaging in or furthering the cause of rural electrification or this Cooperative, or of any other corporation for the purpose of acquiring electric facilities, all of which may be to the best interest of the Cooperative.

Section 2. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these Bylaws, either before or after such meeting. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 3. Policies, Rules and Regulations. The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Conversion or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 4. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utility Services of the United States of America. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial conditions of the Cooperative as of the end of such audit period. A summary of such audit shall be submitted to the members at the next following annual meeting.

Section 5. Publication. For the purpose of advising the members concerning the general activities and business of the Cooperative and disseminating such other information as management may deem advisable, there shall be established an official publication of the Cooperative.

The total amount of all compensation, expenses, and fees of the Cooperative's directors and legal representatives, for the preceding calendar year, set forth separately, shall be published in the issue of the official publication of the Cooperative which immediately precedes the Cooperative's annual meeting. The information shall also be reprinted in the annual meeting issue of such publication.

Section 6. Area Coverage. The Board shall make diligent efforts to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 7. 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 member 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 Amended Articles of Incorporation or Bylaws.

Section 8. Credentials and Election Committee. The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than nine (9) who are not close relatives or members of the same household of known candidates for directors to be elected at such meeting. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. It shall be the responsibility of the Committee to pass upon all questions that may arise with respect to the registration of members, to count all ballots cast in any election or in any other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. The Committee's decisions on all such matters shall be final.

ARTICLE XII AMENDMENTS

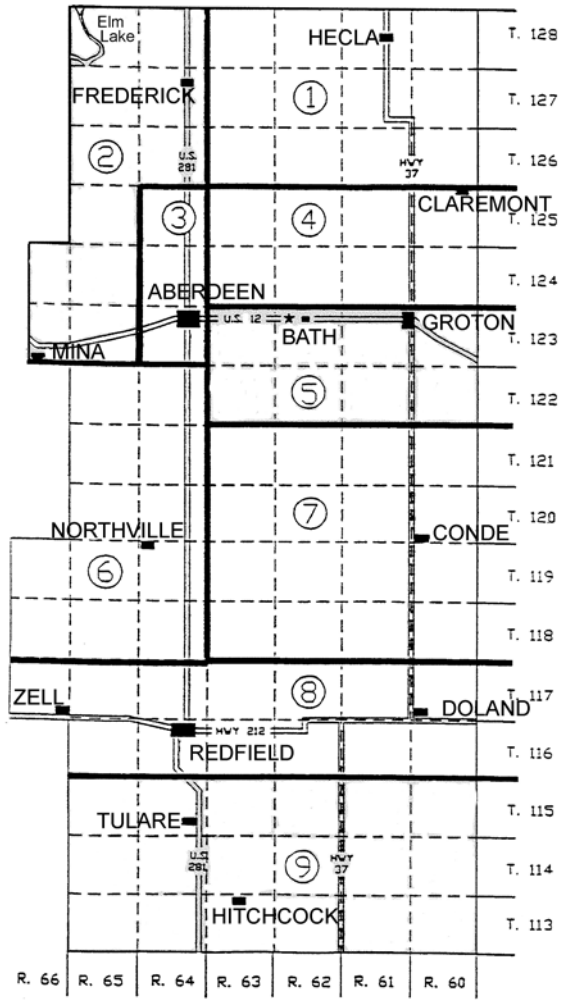
These Bylaws may be altered, amended or repealed in accordance with the following by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

The Board of Directors by a majority vote may sponsor or propose Bylaw Amendments.

Bylaw Amendments proposed by the membership must be:

1. Sponsored by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures, obtained within sixty (60) days of the petition date, of at least twenty-five (25) members entitled to vote on the bylaw amendment;
2. Delivered to, and received by, the Cooperative at least sixty business days prior to the meeting at which the members will consider the proposed bylaw amendment;
3. After review by the Board of Directors, be determined lawful; and
4. Not altered or modified after delivery to the Cooperative.

**DIRECTOR DISTRICTS OF
NORTHERN ELECTRIC COOPERATIVE, INC.
ESTABLISHED MAY 1, 1997**



★ NORTHERN ELECTRIC HEADQUARTERS