

## STANDARDS OF CONDUCT

The Standards of Conduct for the Board of Directors, officers, employees and substantially full-time consultants and contractors of TransConnect, LLC and TransConnect Corporate Manager, Inc. (collectively “TransConnect”) shall be as follows:

I. DEFINITIONS. For purposes of these Standards of Conduct, the following terms shall be defined as follows:

A. “Affiliate” of a “Person” (as hereinafter defined) means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of these Standards of Conduct, in determining whether one Person controls another Person: (1) without limitation, the direct or indirect ownership or control of or power to vote five percent of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; (2) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation; (3) members of any joint operating agency, joint powers authority or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint powers authority or other such entity, be considered Affiliates of each other or of the joint operating agency, joint powers authority or other such entity; and (4) separate agencies of a state or of the federal government shall not be considered Affiliates, regardless of any commonality of political control.

B. “Board of Directors” means the Board of Directors of TransConnect.

C. “Corporate Personnel” means each and all of the officers, employees and substantially full-time consultants and contractors of TransConnect.

D. “Director” means a member-director on the Board of Directors of TransConnect.

E. “FERC” means the Federal Energy Regulatory Commission, or any successor agency.

F. “Market Participant” has the meaning set forth in 18 CFR § 34.35(b)(2), as amended, or any successor law.

G. “Member” means a member of TransConnect.

H. “Person” means an individual, corporation, cooperative corporation, municipal corporation, limited liability company, partnership, limited liability partnership,

association, joint-stock company, trust, unincorporated organization, or government entity or political subdivision thereof

I. “Related Person” of an individual means the spouse and dependent children of any Director or Corporate Personnel.

## II. GENERAL STATEMENT

A. TransConnect expects all Directors and Corporate Personnel to conduct business on behalf of TransConnect with integrity and a high ethical standard. These Standards of Conduct and the bylaws of TransConnect set forth guidelines for all Directors and Corporate Personnel to follow.

B. In general, Directors and Corporate Personnel should recognize and attempt to avoid conduct or activities that involve, or might appear to involve, a conflict of interest. Although it is impossible to list every circumstance that may suggest a possibility of a conflict of interest, some guidelines are as follows:

1. An individual’s position with TransConnect should not be used for personal private gain or benefit.

2. Action that might result in or create the appearance of inappropriate preferential treatment of any Director or Corporate Personnel, or any Related Person of any Director or Corporate Personnel, should be avoided.

3. An individual should not engage in conduct or activities that conflict or are inconsistent with any activity of TransConnect, or that would cause a reasonable person to believe that such individual’s judgment, loyalty or objectivity might be influenced in a way that is adverse to the interests of TransConnect.

4. Care should be taken to avoid adversely affecting the public’s confidence in the integrity or the reputation of TransConnect. Any conduct or activities of any Director or Corporate Personnel should be capable of being justified and withstanding public scrutiny.

5. Directors and Corporate Personnel who serve on the boards of other entities (whether profit or nonprofit) must be meticulous in observing the rules of separate loyalty.

C. In considering the guidelines set forth in these Standards of Conduct and TransConnect’s bylaws, Directors and Corporate Personnel must remember that the relationships of their business associates, family, friends and other persons may give rise to a potential conflict of interest even if the Directors and Corporate Personnel are not involved directly. A potential conflict can exist where the parties in the relationship give

or receive, or could reasonably be perceived to give or receive, unfair advantage or preferential treatment because of the relationship. No Directors or Corporate Personnel should have a direct or indirect interest in or relationship with any outside person or organization that might affect (or that might reasonably be perceived by others as affecting) the objectivity or independence of their judgment or conduct in carrying out the duties to TransConnect.

D. Directors and Corporate Personnel should be aware that even the appearance of a conflict of interest could harm TransConnect, and should always try to avoid giving an appearance of impropriety. When in doubt, individuals should disclose the circumstances and obtain approval in accordance with the procedures set forth in these Standards of Conduct and TransConnect's bylaws.

### III. STANDARDS

#### A. Non-Participation in Energy Transactions

1. No Director, Corporate Personnel, or any Related Person may act as a marketer or broker in connection with any power or energy sale or purchase.

2. No Director, Corporate Personnel, or any Related Person may purchase electricity, except for ordinary personal or unrelated business purposes, or sell electricity except to the extent necessary to carry out TransConnect's functions.

3. No Director, Corporate Personnel, or any Related Person may be an employee, director or attorney of, *or* a substantially full-time consultant or contractor to, any Market Participant.

4. No Director, Corporate Personnel or any Related Person may have a direct or indirect financial interest (including the direct or indirect ownership of securities of) in any Market Participant; provided, however, that Directors, Corporate Personnel and Related Persons will be permitted to own securities of a Market Participant through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segment thereof).

5. Notwithstanding the provisions of Section 4 above, a Director, Corporate Personnel, or any Related Person who hold a financial interest in a Market Participant may (a) hold such a financial interest for a period not to exceed six months following becoming a Director, Corporate Personnel and (b) petition (or TransConnect, on behalf of any such individual, may petition) FERC for (1) an exception to the foregoing prohibition an holding any such financial interest or (2) an extension of time to dispose of any such financial interest (in either case, however, only to those financial interests held by such individual at the time of becoming a Director or Corporate Personnel) which exception or extension FERC may grant if FERC determines that the

required disposition of such financial interest will result in economic hardship to such individual due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest.

6. An individual shall not be deemed to be in violation of these Standards of Conduct merely because such individual (or any Related Person of such individual):

a) is a residential retail consumer of electric energy; or

b) continues his or her pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Participant for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant or the value of any securities of any such Market Participant held by such plan.

#### B. System Operations and Maintenance

1. Directors and Corporate Personnel shall not act in a manner that would adversely affect the provision of open-access transmission service on a nondiscriminatory basis on any transmission line owned or maintained by TransConnect.

2. If there is discretion in the application of any tariff provision relating to the transmission of electricity, TransConnect, Directors, and all Corporate Personnel will apply the tariff provision in substantially the same manner to the same or similarly situated persons.

3. TransConnect, Directors, and all Corporate Personnel will strictly enforce any tariff provision that does not, by its terms, provide for the exercise of discretion.

4. To the extent that TransConnect grants a waiver of a nonmaterial tariff Provision that provides for discretionary waiver, TransConnect will maintain a written log of such waivers and provide the log for review and copying at the request of any interested person at such person's expense during regular business hours at TransConnect's offices.

#### C. Non-Disclosure of Transactional and Other Confidential Information.

1. TransConnect, Directors and all Corporate Personnel will abide by the requirements of 18 CFR §§ 37.1-37.4, as amended, or any successor law, relating to Standards of Conduct for Public Utilities.

2. Neither TransConnect nor its Directors or Corporate Personnel shall at any time use non-public information obtained in their official capacities to the detriment of TransConnect or for their direct or indirect personal gain or advantage, or for the personal gain or advantage of any other Person, including but not limited to a Related Person of a Director or Corporate Personnel.

3. Neither TransConnect nor its Directors or Corporate Personnel shall at any time disclose any confidential or commercially sensitive information or trade secrets of TransConnect, except as and to the extent authorized by TransConnect's bylaws and any other rules of TransConnect.

#### D. General Conflict of Interest Requirements

1. Directors and Corporate Personnel shall comply with all laws and regulations applicable to the conduct of the business of TransConnect and these Standards of Conduct. Directors and Corporate Personnel who become aware of any illegal conduct on the part of any other Directors and Corporate Personnel, or any conduct that is otherwise inconsistent with the requirements of these Standards of Conduct, shall promptly report such conduct to their supervisor or the President or General Counsel of TransConnect.

2. Directors and Corporate Personnel shall not put themselves in a position in which their personal interests and those of TransConnect might be in conflict or that might interfere with their ability to perform their job as well as possible.

3. Directors and Corporate Personnel shall not use any Corporation property or services for personal gain and shall not remove or dispose of the materials, supplies or equipment of TransConnect without proper authority.

4. Directors, Corporate Personnel and Related Persons shall not accept any form of gift, gratuity or entertainment that would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties; provided, however, that Directors and Corporate Personnel shall be entitled to accept (a) entertainment such as food, refreshments and entertainment in the course of a luncheon, theater, sports event or social event and (b) non-cash gifts of a nominal value, such as pens, pencils, note pads, calendars, and other non-cash gifts received for a special occasion, in each case of a value not exceeding U.S. \$250 per source per year.

5. Directors and Corporate Personnel shall not use funds or resources of TransConnect in support of any political party or candidate for elected office. Directors and Corporate Personnel may not use their position, authority or influence with TransConnect for the purpose of affecting the result of an election or a nomination or a party or public office. Directors and Corporate Personnel shall not directly or indirectly coerce, attempt to coerce, command or advise another Director or Corporate Personnel to

pay, lend or contribute anything of value or to contribute personal services to a party, committee, organization, agency or person for political purposes.

6. Directors and Corporate Personnel with responsibility to initiate or modify entries in TransConnect's accounting records shall perform such duties with management's approval and in conformance with TransConnect's accounting policies and procedures.

7. Directors and Corporate Personnel shall not, except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, withhold information from or give false or misleading information to anyone conducting duly authorized investigations or audits.

#### IV. IMPLEMENTATION

A. TransConnect will inform and train all Directors and Corporate Personnel with respect to applicable provisions of federal, state, provincial and tribal law. TransConnect will direct all Directors and Corporate Personnel to comply with applicable provisions of federal, state, provincial and tribal law. TransConnect will monitor all Directors and Corporate Personnel, and will conduct periodic reviews to ensure such compliance. TransConnect will instruct a Director or Corporate Personnel to contact their supervisors or the General Counsel of TransConnect if they have any questions regarding applicable federal, state, provincial or tribal law or these Standards of Conduct.

B. TransConnect will distribute copies of these Standards of Conduct to all Directors and Corporate Personnel who are involved directly or indirectly in the scheduling or provision of transmission service or in the purchase of ancillary services. Copies of these Standards of Conduct will be provided to any new Director or Corporate Personnel as part of an orientation process. TransConnect will direct all Directors and Corporate Personnel to comply with these Standards of Conduct. All Directors and Corporate Personnel shall be required to complete an annual disclosure questionnaire regarding compliance with these Standards of Conduct and investments in Market Entities; provided, however, that the Board of Directors may determine that certain categories of non-management Corporate Personnel shall not be required to complete such questionnaire or may complete an abbreviated questionnaire.

C. The Board of Directors will evaluate TransConnect's experience and refine these procedures, if necessary, to ensure continued compliance with these Standards of Conduct.

D. The Audit Committee shall monitor compliance with these Standards of Conduct and shall make a compliance report to the full Board of Directors at least annually.

E. Any Director or Corporate Personnel shall be subject to discipline for failure to comply with all applicable federal, state, provincial and tribal laws or for failure to comply with these Standards of Conduct. Discipline may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, termination, or such other disciplinary action as is permitted by applicable law, in accordance with policies approved by the Board of Directors.

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