

Code of Business Conduct and Ethics

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TRADE SECRET

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Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics ("Code of Conduct") shall apply to the Company's Directors, Officers, Employees, as well as any Transmission Contractors (collectively, "Company Staff"), and provides policies, rules and procedures to be followed in carrying out the Company's responsibilities.

Each Company Staff shall on an annual basis, read and understand this Code of Conduct, and will comply with the Code of Conduct during and, to the extent required by the Code of Conduct, after association with the Company.

I. DEFINITIONS

For purposes of this Code of Conduct, certain capitalized terms are defined as follows:

"Affiliate" has the meaning set forth in 18 C.F.R. Section 358.3(b).

"Company" means TranServ International, Inc.

"Customer" means a Transmission Provider with which the Company contracts with to perform transmission service and/or reliability functions, as those functions are described in the individual contract between the Company and the applicable Transmission Provider, pursuant to the Transmission Provider's applicable tariff, rate schedules, and service agreements as filed with and approved by the applicable federal and/or state regulatory authority.

"FERC" means the Federal Energy Regulatory Commission.

"Compliance Auditor" means the independent accounting firm selected by the Company Board of Directors to monitor compliance with the requirements of this Code of Conduct as well as any independence requirements set forth in the Company's articles of incorporation, bylaws, or other corporate documents.

"Market Participant" means any entity within the region consisting of a Customer's control area, first tier control area, and the control areas and first tier control areas of any of a Customer's Affiliates, that, either directly or indirectly or through an Affiliate, sells or brokers electric energy or that provides ancillary services to a Transmission Provider, unless such entity does not have economic or commercial interests that would be significantly affected by the Company's actions or decisions; and any entity that has economic or commercial interests that would be significantly affected by the Company's actions or decisions.

"Secondary Employment" means participation in (1) a second job (part-time, full-time or project related), or (2) an organization including, without limitation, a corporation, association, partnership or sole proprietorship.

"Securities" means stocks, stock options, bonds and any other instruments of debt or equity, and includes all interests in debt or equity instruments, including, without limitation, secured and unsecured bonds, debentures, notes, securitized assets, commercial paper, preferred and common stock, any beneficial or legal interest derived from a trust, and any right to acquire any long or short position in such securities, including, without limitation, interests convertible into the aforementioned securities, options, rights, warrants, puts, calls and straddles with respect to such securities.

"Transmission Contractor" means those contractors, consultants, or other persons who do not have an employment relationship with the Company, but who provide services to Company,

pursuant to a contract or otherwise, to perform transmission system operations or reliability functions pursuant to the terms of an agreement between the Company and a Customer.

“Transmission Provider” means those entities defined in 18 C.F.R. Section 358.3(a), as well as those entities that are not public utilities under the Federal Power Act, but are engaged in the same functions as those entities defined as transmission providers in 18 C.F.R. Section 358.3(a).

II. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Company Employees shall take all reasonable actions within their authority to comply with all applicable federal, state, and local laws and regulations including, without limitation, the following: federal and state environmental laws; Federal Power Act, FERC Rules and Regulations, FERC Order No. 2000; 18 C.F.R. Sections 37 and 358; federal securities laws; and copyright, trademark and patent laws. Any questions as to the applicability of any law should be directed to the Company’s General Counsel.

If a law conflicts with a policy in this Code of Conduct, Company Employees must comply with the law. If a local custom or policy conflicts with a policy of this Code of Conduct, Company Employees must comply with the Code of Conduct.

III. CONFLICTS OF INTEREST

Certain contacts with Market Participants may constitute or appear to constitute a conflict of interest. In order for the Company to be truly independent and free of any control, or appearance of control, of decision-making by any individual Market Participant, Company Employees must strictly observe the following rules regarding contacts with Market Participants or any of their Affiliates.

In addition to the conflict of interests standards set forth in this Code of Conduct, Company Employees that perform services for a Customer shall be considered as employees engaged in transmission systems operations or reliability functions of that Customer, and will comply with any restrictions promulgated by that Customer relating to relationships between employees engaged in wholesale merchant functions of the Customer or its Affiliates and any buyers engaged in transmission system operators or reliability functions of the Customer or its Affiliates.

A. Prohibited Financial Interests

Company Employees may not have Prohibited Financial Interests. A Company Employee will be deemed to have a Prohibited Financial Interest if the Company Employee owns, controls or holds with the power to vote Securities of a Market Participant or their Affiliates whose primary business purpose is to buy, sell or schedule Energy, Capacity, Ancillary Services or Transmission Services, whether directly or through participation in mutual funds concentrating in investments in Market Participants. The Company shall compile and maintain a current list of Market Participants and their Affiliates and will distribute this list to Company Employees.

Prohibited Financial Interests do not include:

- Interests that a Company Employee has in a publicly traded or publicly available mutual fund or other collective investment fund or in a widely held pension or similar fund, provided that: (i) the fund's prospectus does not indicate the objective or practice of concentrating its investment in Market Participants or

similar entities; and, (ii) the Company Employee does not have the ability to exercise control over the financial interests held in the fund; and

- Securities of a Market Participant which have been purchased by the spouse of a Company Employee, who is employed by a Market Participant and is required to purchase Securities of such Market Participant as a part of their employment. Any such purchase must be disclosed to the Company's Board of Directors and the Compliance Officer. The Company's Board of Directors will have the authority to consider appropriate limitations on the Company Employee's duties, including changing the Company Employee's duties, to avoid an appearance of a conflict of interest.

B. Divestiture of Prohibited Financial Interests

If a Company Employee, or a member of a Company Employee's immediate family, has a Prohibited Financial Interest described above, the Company will require the divestiture of such Prohibited Financial Interest as follows:

- Within six months of the date of the Company's entering into an agreement to provide transmission services and/or reliability functions with a Customer, which gives rise to the Prohibited Financial Interest.
- For new Company Employees, within six months of the commencement of an employment relationship between the Company and the Company Employee
- If a Prohibited Financial Interest results from an entity becoming a Market Participant, within six months of receipt of the Company's list referencing such Securities; and
- If a Prohibited Financial Interest results from a gift, inheritance, distribution of marital property or other involuntary acquisition, within six months of the acquisition of the Prohibited Financial Interest.

C. Restrictions on Association with Market Participants

No Company Employee shall be Associated with any Market Participant or its Affiliate. For the purposes of this paragraph, a Company Employee shall be deemed "Associated" with a Market Participant or its Affiliate if:

- The Company Employee, or the Company Employee's spouse, is an officer, director, partner, or employee of a Market Participant or any of its Affiliates.
- The Company Employee is a former director, officer, or employee of a Market Participant, or of any Affiliate of the Market Participant, and the Company Employee is receiving continuing benefits under an existing employee benefit plan (other than a defined benefit pension plan or other plan pursuant to which the benefits are independent of the financial condition of the Market Participant and pension payments are distributed to the former employee by a trustee, not as compensation but in accordance with the rules of the pension plan), arrangement or policy of the Market Participant or any of its Affiliates.
- The Company Employee has a material ongoing business or professional relationship with a Market Participant or any of its Affiliates; provided, however, that no Company Employee shall be deemed to have a material ongoing business relationship with a Market Participant or any of its Affiliates solely as a result of being served as a retail customer by a Market Participant or its Affiliates.

D. Political Activities

Restrictions on the political activities of Company Employees are limited only to the extent that Company Employees may not engage in lobbying activities on behalf of a Market Participant. Beyond this political activity, Company Employees are not restricted from participating in any legal political activity so long as they do not purport, directly or indirectly, to represent the Company without authorization, or use corporate funds or resources for support of particular political parties or candidates, or seek reimbursement from the Company for political contributions.

Company Employees are not precluded from holding public office so long as upon accepting public office the Company Compliance Officer is notified in writing. The Company Employee's work in the public office must not detract from the Company Employee's performance in connection with the Company, and the Company Employee may not represent the Company in the Company Employee's capacity as a public official or use Company resources for work related to the public office. If a Company Employee holds public office, that Company Employee must abstain from voting or participating in any debate or in matters relating to the Company as part of the Company Employee's duties in public office.

E. Secondary Employment and Other Activities

Company Employees shall not take Secondary Employment with a Market Participant or its Affiliate nor transact business with a Market Participant or its Affiliate other than as a retail customer. Company Employees may take Secondary Employment with a non-Market Participant under the following circumstances:

- The Secondary Employment will not embarrass or discredit the Company.
- The Secondary Employment will not interfere with the duties of the Company Employee or other Company Employees, and will not involve the use of Company resources, materials or assets.
- The Secondary Employment will not create a conflict of interest for the Company or the Company Employee.
- The Secondary Employment will not result in any Market Participant receiving an advantage, real or apparent, over other Market Participants with respect to the Company.
- The Secondary Employment must be fully disclosed to the Company prior to commencement of employment with a Secondary Employer and the Company Compliance Officer or designee determines whether the criteria of (1) through (4) are met and then authorizes the Secondary Employment in writing.

Where a Company Employee takes Secondary Employment with a non-Market Participant, that Company Employee may not transact business with the Company on behalf of the Secondary employer.

The Company's policy on secondary employment and other activities is not intended to discourage or prohibit Company Employees from engaging or participating in civic, church or other charitable organizations, provided such activities or positions do not interfere with the Company Employee's performance of duties functions at the Company.

F. Other Conflicts of Interest

Conflicts of interest can occur when a Company Employee's position or responsibilities in the Company present or appear to present an opportunity for personal gain, or when a Company Employee's personal interests or the interests a Company Employee's family or people with whom the Company Employee cohabitates are, or appear to be, inconsistent with Company's interests. This includes not only a conflict of interest but also any action that could reasonably be expected to create an appearance of a conflict of interest. Under all circumstances Company Employees are expected to adhere to and maintain the highest ethical standards when conducting Company business. In meeting this requirement, Company Employees should take care to avoid any situations or relationships that can cause actual, potential or perceived conflicts of interest.

A Company Employee's position in the Company may never be used to improperly benefit the Company Employee, family members or people with whom the Company Employee cohabitates. It will be considered a conflict of interest if a Company Employee requests or accepts anything with a value of more than \$50 ("Nominal Value"), including but not limited to money, a loan or discount, vacations, property, contributions, goods or services from a Market Participant or any other person or entity doing business with the Company. Such gifts should be returned or offers declined, with an appropriate explanation. If a gift is not returnable (e.g., perishable), such gift should be given to a supervisor or the Compliance Officer or his or her designee for donation to a charity or destruction. Acceptance of an occasional business-related meal or entertainment is permissible when the value involved is not significant and clearly will not place the Company Employee under any obligation to the donor.

It will be considered a conflict of interest if a Company Employee offers anything of more than Nominal Value, including Company property, loans, contributions, or unpaid services to a representative of a Market Participant, member of the public or governmental official or entity (foreign or domestic) without prior authorization from a Company officer. (See Section X below regarding Interaction with Public Officials.)

If a Company Employee seeks other employment, or has an arrangement concerning prospective employment, with a Market Participant, the Company Employee must notify his or her supervisor, or the Compliance Officer, and disqualify himself or herself from participating in any matter that will have an effect on the financial interests of such Market Participant.

It will be considered a conflict of interest for a Company Employee, or a member of the Company Employee's immediate family spouse or minor children, or, to the best of the Company Employee's knowledge, any other member of the Company Employee's family or relative, to have an interest in any contractor, company, business, or enterprise which has, or is seeking to establish, business relations with the Company, unless that relationship has been disclosed to the Compliance Officer or his or her designee and approved by the Board of Directors.

IV. CORPORATE OPPORTUNITIES

Company Employees are prohibited from taking for themselves personally any opportunities that arise through the use of corporate property, information or position and from using corporate property, information or position for personal gain. Company employees are further prohibited from competing with the Company directly or indirectly. Company Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

V. TREATMENT OF CONFIDENTIAL INFORMATION

This Section deals with the treatment of Confidential Information by Company Employees. Confidential Information consists of:

- Information designated as confidential, proprietary, or otherwise not subject to disclosure pursuant to a Customer's tariff, rate schedules, and/or service agreements as filed with and approved by the applicable federal and/or state regulatory authority.
- Any commercially sensitive information including, without limitation, trade secrets, equipment specific information (e.g., generator specific data such as heat rates, etc.), Customer-specific information such as load forecasts, billing determinants, scheduling and reservation data, power purchases and sales contracts, and business strategies, affirmatively designated as Confidential Information by its supplier or owner.
- Transmission-related information that is commercially valuable and access to which is necessary to buy, sell or schedule energy, capacity, ancillary services, or transmission services, and has not yet been posted in some public forum such as a FERC filing or an OASIS website.

In the course of performing transmission system operations or reliability functions pursuant to the terms of any agreement between the Company and a Customer, Company Employees shall not disclose Confidential Information to any Market Participant.

Additionally, Company Employees shall comply with all applicable standards of conduct promulgated by Customers with respect to the classification, treatment, and sharing of information.

Company Employees shall also report all improper disclosures of Confidential Information to the Company Compliance Officer or his or her designee immediately.

The procedures described in this Section do not apply to the following:

- Communication of transmission-related information between the Company and a Transmission Provider's control centers, applicable power pool, or applicable Independent System Operator or Regional Transmission Operator.
- Communication of information from a Customer to the Company, or communication of information from any other Market Participant to the Company.
- Information that is no longer Confidential Information because it was made public, or it was legally disclosed by a third party in good faith and without violating a trade secret, secrecy agreement or employment contract with a non-disclosure clause; or it was made public by a government agency, court or other process of law.
- Requests by a Customer or other Market Participant for a report regarding the status of that entity's particular contracts or transactions.

If Confidential Information is required to be divulged in compliance with an order or a subpoena of a court or regulatory body other than FERC, the Company will seek to obtain a protective order or other appropriate protective relief from the court or regulatory body, provided, however,

that Company Employees shall not be required to do any additional analysis to produce such information. The Company shall provide advance written or electronic notice to the parties providing the Confidential Information as soon as practicable upon receipt of such an order or a subpoena from a court or regulatory body, and the Company shall not be held liable for any losses, consequential or otherwise, resulting from the Company divulging such Confidential Information pursuant to a subpoena or an order of a court or regulatory body.

If the FERC or its staff, during the course of an investigation or otherwise, requests information from the Company that is otherwise required to be maintained in confidence pursuant to this Section, the Company shall provide the requested information to the FERC or its Staff within the time provided for in the request for information. In providing the information to the FERC or its staff, the Company shall, consistent with any FERC rules or regulations that may provide for privileged treatment of that information, request that the information be treated as confidential and non-public by the FERC and its staff and that the information be withheld from public disclosure. The Company shall not be held liable for any losses, consequential or otherwise, resulting from the Company divulging such Confidential Information pursuant to a request under this paragraph. After the Confidential Information has been provided to the FERC or its staff, the Company shall immediately notify any affected Customer and/or Market Participant when it becomes aware that a request for disclosure of such confidential information has been received by the FERC or its staff, or a decision to disclose such confidential information has been made by the FERC, at which time the Company and the affected entity(s) may respond before such information would be made public, pursuant to the FERC's rules and regulations that may provide for privileged treatment of information provided to the FERC or its staff.

The Company shall establish procedures for handling Confidential Information that minimize the possibility of intentional or accidental improper disclosure.

VI. FAIR DEALING

Each Company Employee shall endeavor to deal fairly with the Company's customers, competitors, suppliers and employees. No Company Employee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts or any other unfair practice.

VII. PROTECTION AND PROPER USE OF COMPANY ASSETS

Theft, carelessness and waste have a direct impact on the Company's profitability. Company Employees have a duty to safeguard Company assets and ensure their efficient use. Company assets should be used only for legitimate business purposes and Company Employees should take measures to ensure against their theft, damage or misuse. Company assets include intellectual property such as trademarks, business and marketing plans, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information is a violation of Company policy.

VIII. INSIDER TRADING

This Section defines insider trading, and describes Company Employee behavior that is prohibited under securities laws.

A. Insider Information

Federal laws prohibit the purchase or sale of any publicly traded security by a person in possession of important information about the security or its issuer that is not publicly known. These laws have special significance to the Company because Company Employees are likely to routinely learn Confidential Information about Market Participants and others. This circumstance creates two duties for all Company Employees: (1) a duty not to trade while in possession of “material, nonpublic information,” also known as “inside information” or “insider information,” as defined below, and (2) a duty not to communicate such information to anyone outside of the Company, also known as “tipping.” It is the policy of the Company that there be scrupulous compliance with each of these duties.

Material: Much of the information obtained about Market Participants and any of their

Affiliates may be material information under the law. Information is material if a reasonable investor would consider it important in determining whether to buy or sell the securities of the company involved. The information may be either positive or negative. If the information would affect the price of the stock, it is material. If the information makes you or anyone else think about wanting to buy or sell the stock that is probably the best indication that it is material. Some examples of information that could be considered material are key personnel changes, earnings information, proposed mergers or acquisitions and financial or credit status. If in doubt, a Company Employee should assume that any information which could have any significance to an investor is material and not purchase or sell or allow anyone else to purchase or sell the securities in question until such information has been made public.

Nonpublic: Information that has not been disclosed to the public generally is nonpublic.

To show that information is public, one should be able to point to some evidence that it is widely disseminated. Information would generally be deemed widely disseminated if it has been disclosed, for example, in the Dow Jones broad tape; news wire services such as AP or Reuters; radio or television; newspapers or magazines; an OASIS website; or widely circulated public disclosure documents filed with the federal Securities and Exchange Commission (“SEC”), such as prospectuses or proxies.

Although it is natural to “talk shop,” no Confidential Information (as defined in Section IV this Code of Conduct) should be given to outsiders; for this purpose “outsiders” include one’s immediate family, relatives, friends and anyone else other than those working on the matter at the Company. In general, Company matters should not be discussed with any outside individuals. Particular care is necessary in discussing Company matters in elevators, restaurants, taxicabs, trains, commercial aircraft and other public places where names and other scraps of information might be overheard. Care should also be taken not to expose nonpublic papers in such places or leave them lying around in conference rooms or other places even within the Company.

B. Penalties for Trading on Insider Information

It is against Company policy and a violation of law to make use of insider information for personal advantage in securities trading or to disclose such information to an outsider. Company Employees who have any knowledge of insider trading activities or improper disclosure committed by other Company Employees must immediately notify the Company Compliance Officer or his or her designee. Company Employees who have engaged in insider trading or have provided insider information to outsiders will be terminated immediately. In addition, both the Company and the Company Employee may be subject to severe civil and

criminal penalties as a result of insider trading by the Company Employee or by an outsider who has received insider information from the Company Employee.

IX. COMPETITION

The Company's activities are subject to antitrust and trade regulation statutes designed to promote fair and honest competition. These laws govern the ways in which Company Employees interact with both competitors and associates and prohibit activities such as fixing prices, setting discriminatory prices and entering into agreements with competitors. All Company Employees must comply with these laws.

In addition to complying with all antitrust laws and regulations, Company Employees are expected to compete ethically and legally at all times. Stealing or misappropriating proprietary information from competitors or others is prohibited.

X. INTERACTION WITH PUBLIC OFFICIALS

When dealing with public officials, Company Employees must avoid any activity that is or appears illegal or unethical. The giving of gifts, including meals, entertainment, transportation and lodging, to government officials in the various branches of the U.S. government, as well as state and local governments, is restricted by law. Company Employees must obtain pre-approval from the Company's General Counsel before providing anything of value to a government official or employee.

In addition, the U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Illegal payments to government officials of any country are strictly prohibited.

XI. DISCRIMINATION AND HARASSMENT

The Company is an equal opportunity employer and requires strict adherence to laws regarding discrimination in the workplace. It is the Company's policy to recruit, hire, train and promote employees regardless of their race, color, national origin, religion, sex, sexual orientation, disability, age or any other basis protected by state or federal law. Discrimination or harassment based on any of these factors is prohibited.

XII. TRAINING

The Company shall develop procedures to train Company Employees soon after their hiring or appointment on the Code of Conduct, and to assess the effectiveness of the Code of Conduct in preventing insider trading and conflicts of interest. All Company Employees will receive annual training thereafter for as long they remain associated with the Company. All personnel receiving this training shall sign a Compliance Certificate stating that they attended the training, understand the Code of Conduct, and will not violate it.

XIII. COMPANY RECORDS

The Company shall develop and maintain procedures for the handling, safeguarding, use, storage and retention of Company Records. The Company shall require all Company Records to be accurate.

XIV. VIOLATIONS OF THE CODE OF CONDUCT

Any Company Employee who violates the Code of Conduct or fails to report a known violation may be subject to disciplinary action including suspension or termination of employment, unless such violation involves insider trading whereby such violation will result in the termination of employment. In addition, any current or former Company Employee that violates the Code of Conduct may be required to provide restitution to the Company for financial injury suffered by the Company as a result of the violation.

The Company's Board of Directors shall assign the responsibility of reviewing compliance with the Code of Conduct to a Compliance Officer, who will have the day-to-day responsibility for ensuring compliance with the Code of Conduct, including: interpreting the Code of Conduct, responding to questions regarding the Code of Conduct, advising the Company Employees regarding potential conflicts of interest, assisting the Compliance Auditor with the auditing process, and following up on all suspected violations. The Compliance Officer may designate one or more individuals to assist in carrying out these responsibilities.

XV. WAIVER

The Company's Board of Directors may grant a waiver of compliance from a specific provision of this Code of Conduct to a Company Employee to avoid unjust or unreasonable results, consistent with the terms of the Company's articles of incorporation and bylaws. Any such waiver must be in writing and a copy delivered to and maintained by the Company Compliance Officer. In granting any such waiver, the Company's Board of Directors may consider appropriate limitations on a Company Employee's duties and responsibilities to avoid a conflict of interest.