

## **MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. CODE OF BUSINESS ETHICS**

This policy is applicable to all Midwest Independent Transmission System Operator, Inc. (“Midwest ISO”) directors, officers, employees, and agents at all Midwest ISO locations.

It is the policy of the Midwest ISO to conduct business ethically and in accord with federal, state and local laws, rules, and regulations. The Midwest ISO’s reputation in the business community and utility industry depends, in large part, on the adherence of its directors, officers, employees, and agents to the highest ethical standards. The Midwest ISO wants to continue its reputation for integrity, and it can do so through its directors, officers, employees, and agents. This will be a valuable asset of the Midwest ISO, which must be maintained.

The Midwest ISO Code of Business Ethics provides general guidelines for directors, officers, employees, and agents. The Midwest ISO expects, and indeed insists, that these guidelines be observed. All directors, officers, employees, and agents, at whatever level, are responsible for adhering to this policy. Any infraction of the Business Code of Ethics will subject the employee or employees involved to corrective action.

### **Conflicts of Interest**

The policy of the Midwest ISO with respect to conflicts of interest requires that directors, officers and all other employees avoid any conflict between their personal interests and interests of the Midwest ISO in dealing with suppliers, customers and all other organizations or individuals doing or seeking to do business with the Midwest ISO. In furtherance of this policy, the Midwest ISO requires that competitive bidding be used, wherever practical, in the procurement of materials, supplies, equipment and contracted services.

While it is not practical to enumerate all situations that might be in conflict with this policy, the examples given below indicate some of the relationships which must be avoided so as not to be considered in conflict with the Midwest ISO’s interests. All employees are expected to be sensitive to these potential conflicts of interest and to bring questions to, and seek guidance from, their supervisors:

1. Neither a director, officer, or employee nor any dependent member of his/her family is to have an interest in any organization which has, or is seeking to have dealings with the Midwest ISO, where there is an opportunity for preferential treatment to be given or received, except with the knowledge and consent of the officers and General Counsel of the Midwest ISO;
2. Neither a director, officer, or employee nor any dependent member of his/her family is to buy, sell or lease any kind of property, facilities or equipment from or to the Midwest ISO or to any company, firm or individual who is or is seeking to become a contractor, supplier or customer at a discounted or special rate not approved by the officers and General Counsel of the Midwest ISO;
3. A director, officer, or employee is not to serve as a director, officer, or employee of any other business organization, or in any capacity for, or as a consultant to, any individual, firm or other business organization doing or seeking to do business with the Midwest ISO, except with the knowledge and consent of the officers and General Counsel of the Midwest ISO;
4. Neither a director, officer, nor employee nor any dependent member of his/her family is to give or release to a third-party any data on decisions, plans, competitive bids or any other information concerning the Midwest ISO which might be prejudicial to the interest of the Midwest ISO, or to use such information for his/her personal gain and not in the best interest of the Midwest ISO during or after his/her employment;
5. Neither a director, officer, nor employee nor any dependent member of his/her family may give or accept: a) commissions; b) a share in profits; c) gifts of cash, gift certificates or other payments; d) loans or advances (other than from established banking or financial institutions); e) materials, services, repairs or improvements at no cost or at unreasonably low prices; f) excessive or extravagant entertainment; g) Midwest ISO funds, services, or other considerations directly or indirectly in the form of a contribution to, or in support of, any person for political gain, political party, or member of such party; or h) travel or gifts of merchandise of more than nominal value, from any organization, firm or individual doing or seeking to do business with the Midwest ISO. Additionally, organizations, firms or individuals doing or seeking to do business with the Midwest ISO should be notified of the existence of this policy prohibiting the acceptance of such gifts or preferential treatment.
6. Transportation furnished to directors, officers, or employees by organizations doing or seeking to do business with the Midwest ISO in connection with trips concerning inspections of equipment, plant tours, and product demonstrations would not be considered a violation of this policy unless an obligation is implied; and
7. Neither a director, officer, nor employee may accept a loan or advances from the Midwest ISO.

Additionally, directors, officers, and employees of the Midwest ISO are expected to devote their full business time to the affairs of the Midwest ISO, and must avoid outside employment or activities which take time and attention away from required corporate duties, or which involve obligations that may in any way compete with or reflect unfavorably upon the interests of the Midwest ISO.

### **Confidentiality**

The Midwest ISO takes seriously its commitment to protect the privacy of both employee and Midwest ISO business information. Individuals who have access to employee information are directed to keep such information confidential and particularly to handle any employee medical information in a manner consistent with the Midwest ISO's obligations under the Americans With Disabilities Act and the Health Insurance Portability and Accountability Act of 1996.

Current or former directors, officers, employees, and agents who have access to the Midwest ISO's business information affecting the competitive position of the Midwest ISO or its customers must keep such information confidential. Such confidential information must not be discussed with individuals outside of the Midwest ISO or in locations or circumstances where such information may be overheard by individuals who are not in a "need-to-know" position with the Midwest ISO. Confidential data that is no longer needed may be disposed of only by shredding or otherwise taking steps to ensure that the confidential information is discarded or destroyed pursuant to the Company records retention policy.

Many individuals, both employees and agents, are provided access to computers. Computers must be operated only as authorized and in observance of individual access codes and limitations.

### **Company Property**

Company property is to be utilized only in furtherance of Midwest ISO business, except with the knowledge and consent of the officers and General Counsel of the Midwest ISO. Care is to be taken by employees and agents in the use of Midwest ISO property with the goal of furthering the Midwest ISO's business interests and protecting the Midwest ISO from liability to

any individuals, firms or organizations as a result of maintenance or use of Midwest ISO property.

### **Competitive Practices**

It is very important that on a regular periodic basis all employees are reminded of their responsibilities relative to antitrust laws and competitive business practices.

The Midwest ISO insists that its employees and agents avoid any actions that would create the appearance that the Midwest ISO's involvement with trade associations, other companies, customers or any other entity involves any sort of prohibited antitrust activity. All employees and agents must be aware that the Midwest ISO can be implicated by association even though it has not entered directly into any antitrust activity.

Similar to other trade associations and organizations, the Midwest ISO was established with the purpose of fostering competition within the electric power and transmission industry. Because the Midwest ISO, however, is comprised of members that compete with each other and/or members that supply other members or purchase from other members, there are competition issues inherent to its structure. The theory behind most antitrust laws is preservation of the free enterprise system. Both the public interest and the Midwest ISO's best interests will be served best by vigorous competition and transparent markets, unhindered by such artificial restraints as price-fixing agreements among competing members.

In many instances the antitrust laws are clear and employees and agents can guide their conduct accordingly, both as to what employees and agents should and should not do. In those areas that are not as clear, however, the Midwest ISO can only identify pitfalls. It is absolutely essential that employees and agents consult with their supervisors or the Legal Department whenever questions arise.

Listed below are guidelines in various areas of antitrust law with which all employees, agents and businesses must comply:

1. **Price Fixing.**

- It is unlawful to reach any agreement or understanding with a competing member about prices, whether it is to raise, lower, or stabilize prices.
- Competing members are those members that provide the same products or services and/or purchase the same products or services. While many members

have a customer/supplier relationship with one or more members, much of the discussions surrounding these “vertical” relationships are private negotiations and therefore cannot be discussed with third-party members.

- While some current price/rate information is publicly available, other prices/rates are privately negotiated and are not publicly available. Such privately negotiated rates/prices cannot be exchanged with other competing members.

2. Other “Horizontal” Agreements with Competing Members. Several other types of conduct are treated as harshly as price fixing under the antitrust laws. Therefore, competing members should never discuss the following:
  - (a) the markets or territories in which the competing members sell or supply products or services or the allocation of such markets or territories among competing members;
  - (b) the customers to which competing members sell, buy or supply products or services or any division or allocation of such customers;
  - (c) the suppliers or providers of products or services from which competing members purchase or the allocation of such suppliers or providers;
  - (d) production/distribution volume or output or any individual competing seller/supplier member’s production/distribution volume, or any restrictions on the amount of production/distribution;
  - (e) purchase requirements/volumes or any individual competing purchaser/customer member’s purchase requirements/volume, or any restrictions on the amount of such purchase requirements/volumes; and
  - (f) any privately negotiated terms or conditions of sale (such as discounts, rebates, delivery charges, deposits, and allowances) used by members in their privately negotiated contracts with other members not party to that contract.
3. Resale Price Maintenance. The antitrust laws prohibit agreements between a seller and its distributor customers relating to resale prices. Although it is permissible for a seller to suggest or recommend resale prices, the distributor customers must be free to decide independently what retail prices they will charge for the seller’s products. Never attempt to enforce or police suggested prices.
4. Boycotts. Never agree with other parties to refuse to deal with, or boycott, a particular supplier or customer.
5. Unilateral Refusals to Deal. A company is generally free to make a unilateral decision that it will not deal with a particular customer or supplier. There are certain limitations on this right. A customer cannot be terminated or threatened with termination as a means to an unlawful end, such as to force adherence to desired resale prices and any termination must be in accordance with the Midwest ISO Tariff.

There are many perfectly acceptable, lawful reasons for refusing to deal, including slow pay or other credit problems, inability to receive deliveries, a history of consumer complaints, and failure to maintain product quality. If an employee has any doubts about

whether reasons for desiring not to deal with a customer or prospective customer are legally sufficient, the employee must check with supervisors and the Legal Department before acting.

6. Tie-in and Exclusive Dealing Arrangements. The Midwest ISO may not force a customer to purchase more of a product or service than the customer wants. Members cannot condition the sale of a product or service upon a condition that a customer also purchases a different product or service that it does not want.
7. Price Discrimination. Never discriminate against a customer or group of customers by charging another customer a lower price, unless: (1) the lower price is cost justified by lower manufacturing costs, selling costs, or some other circumstance affecting the cost of serving that particular customer; (2) the lower price is offered in a good faith effort to meet, but not beat, the price of a competitor; or (3) some other legally acceptable defense, such as the non-contemporaneous nature of the sales, permits the lower price. Promotions - allowances, payments, services or facilities - must be made available, proportionally, to all customers who compete in the resale of the products involved.

The Midwest ISO relies on all members and each and every director, officer, employee, and agent to see to it that all business is conducted in a fair and equitable manner so that there is not even the slightest suggestion or appearance of any impropriety. If all members, directors, officers, and employees adhere to the Standards of Conduct, the Code of Business Ethics and the Midwest ISO Tariff, this goal will be easy to achieve and maintain.