



OFFICIAL NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF CITIZENS ELECTRIC CORPORATION

The Annual Meeting of Shareholders of Citizens Electric Corporation will be held at the American Legion Hall located at 98 Grand Avenue in the City of Perryville, State of Missouri, on the 16th day of April, 2009, at 6:30 p.m. for the purpose of acting upon the following:

1. The reports of officers, Directors and CEO.
2. The election of 3 directors for a term of 3 years each.

In accordance with the Corporation's by-laws, **Nominations** for directors shall be made at the meeting of the shareholders at which directors are to be elected. The directors standing for election shall be elected by secret ballot at each Annual Meeting of the Shareholders to serve for three years or until their successors shall have been elected and qualified. If an election of directors shall not have been held on the day designated herein for the Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a Special Meeting of the Shareholders as soon thereafter as convenient.

In all elections for directors, each shareholder shall have the right to cast as many votes in the aggregate as shall equal the number of shares held by him or her, multiplied by the number of directors to be elected, and each shareholder may cast the whole number of votes either in person or by proxy, for one candidate or distribute them among two or more candidates. The qualified candidates receiving the largest number of votes shall be declared elected.

3. Consideration and vote on a proposition to amend Section 6 of Article II of the by-laws of the Corporation so that when amended, said Section 6 will read as follows:

SECTION 6-Compensation. Directors shall receive no salary for their services as directors except that by resolution of the Board of Directors a sum may be fixed for each regular or special meeting of the Board which may include expenses of director participation in employee group benefit programs, together with expenses, if any, for attendance at such meetings of the Board; also, a sum may be allowed for committee or any other meeting requiring the presence of any director or directors; also, fees and expenses shall be allowed for board training programs and association meetings. No director shall receive compensation for serving the Corporation as an employee of the Corporation. References and restrictions related to relatives of directors shall be controlled by Board Policy No. 201, Item K of Citizens Electric Corporation Organizational Policy Manual.

4. Consideration and vote on a proposition to amend Article VI of the by-laws of the Corporation so that when amended, said Article VI will read as follows:

ARTICLE VI

Contract with Consumer

In order to encourage the fullest possible use of the electric energy, the Corporation is obligated to account to all of its consumers on the basis of the proportion that the amount of business done with each consumer bears to the total business done with all consumers, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of such operation costs and expenses at the moment of receipt by the Corporation are received with the understanding that they are furnished by the consumers as capital. The Corporation is obligated to pay by credits to a capital account for each consumer all such amounts in excess of such operating costs and expenses. The books and records of the Corporation shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each consumer is clearly reflected and credited in an appropriate record to the capital account of each consumer, and the Corporation shall within reasonable time after the close of the fiscal year make available the Capital Credit Allocation factor for the applicable year. All such amounts credited to the capital account of any consumer shall have the same status as though they had been paid to the consumer in cash in pursuance of a legal obligation to do so and the consumer had then furnished the Corporation corresponding amounts for capital.

All other amounts received by the Corporation from its operations in excess of costs and expenses, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its consumers and any amount so allocated shall be included as a part of the capital credited to the accounts of consumers as directed and on the terms and conditions set forth in the paragraph immediately preceding this paragraph.

In the event of dissolution or liquidation of the Corporation, after all outstanding indebtedness of the Corporation shall have been paid, outstanding credits of capital shall be retired without priority on a pro rata basis. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Corporation will not be impaired thereby, the capital then credited to consumers' accounts may be retired in full. The Corporation will not issue or mail any amount of less than \$1.00 unless requested by consumer. As to capital credits earned on or prior to March 31, 1996, any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Corporation being the first to be retired. As to capital credits earned after March 31, 1996, any such retirements of capital may be made in any order of priority specified by the Board of Directors by resolution of general application. In no event, however, may any such capital be retired unless, after the proposed retirement, the financial condition of the Corporation will not be significantly impaired thereby. However, the Corporation, at the discretion of the Board of Directors, may retire capital credits to the estate of a deceased consumer-member who is a natural person. Capital credited to the account of each consumer shall be assignable only on the books of the Corporation pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of each consumer's premises served by the Corporation unless the Board of Directors acting under policies of general application shall determine otherwise.

The consumer of the Corporation, dealing with the Corporation, acknowledge that the terms and provisions of this section of the by-laws shall constitute and be a contract between the Corporation and the consumer, and both the Corporation and the consumer are bound by such contract as fully as though each consumer had individually signed a separate instrument containing such terms and provisions. The provisions of this section of the by-laws shall be called to the attention of each consumer of the Corporation by an appropriate notice which shall be mailed to each consumer.

5. All other business which may properly come before the meeting or any adjournment thereof.

The Board of Directors and the Shareholders' Proxy Committee have by resolution acknowledged that they are in favor of the by-law revisions, amendments and changes set forth herein, and it is the intention of the Board of Directors and the Shareholders' Proxy Committee to take such action necessary and to vote for and to adopt, revise and amend the by-laws as set forth herein.

ATTEST:

/s/ Herb C. Fallert
Secretary

/s/ John F. Lottes III
President

Citizens Electric Annual Meeting

April 16, 2009

**American Legion Hall
98 Grand Ave.
Perryville, Missouri 6:30 p.m.**