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July 9, 1982

JAMES E. BONDURANT
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LINCOLN SQUARE
HODGENVILLE, KENTUCKY 42748
TELEPHONE: 502-358-4344

Mr. Vincent F. Kaminski
Manager, Southeast Area-Electric
Distribution Systems Division
Rural Electrification Administration
Washington, D.C. 20250

Re: Letter of Intent concerning
Special Agreement for electric
service between Nolin R.E.C.C.
and Flint Ink Corporation dated
February 3, 1982

Dear Mr. Kaminski:

In regard to your letter of June 7, 1982 concerning the Special Agreement entered into between Nolin R.E.C.C. and the Flint Ink Corporation, which Agreement is dated February 3, 1982, this letter is being sent to you to acknowledge the intent of both parties to the aforesaid Special Agreement in regard to section 3(b). It is the intent of all parties to the aforesaid Special Agreement that the following statement which is set forth in the Special Agreement, i.e.

". . . the Seller is required by statute and by its first mortgage to set rates and charges sufficient not only to cover operating costs and expenses and interest and amortization of outstanding obligations, but also to establish reasonable capital reserves. . ."

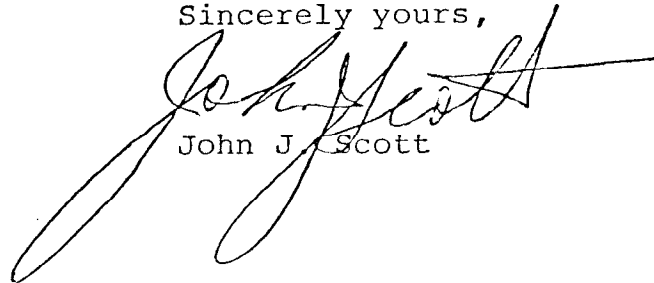
is consistent with and complies with the provisions of the Seller's mortgage requirements with the Rural Electrification Administration which require the Seller (Nolin RECC) to

"design its rates for electric energy and other services furnished by it with a view of paying and discharging all taxes, maintenance expenses, cost of electric energy and other operating expenses of its electric transmission and distribution system and electric generating facilities, if any, and also to making all payments in respect of principal of and interest on the notes when and as the same shall become due, to providing and maintaining reasonable working capital for the mortgage and to maintain a TIER of not less than 1.5 and a DSC of not less than 1.25."

Mr. Vincent F. Kaminski
Re: Nolin R.E.C.C. and Flint Ink Corporation
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After all parties were consulted concerning this clarification, it is believed that this letter of intent takes care of the matters mentioned in your letter of June 7, 1982. If any further matters arise concerning the Special Agreement, please let me know.

Sincerely yours,



John J. Scott

JJS/rs

We have read the "Letter of Intent" contained herein and agree with the interpretation of the clauses in question and the contents of this letter.

Nolin Rural Electric Cooperative Corporation

BY: Robert C. Wade
ROBERT C. WADE, President

ATTEST: Howard Ragland
HOWARD RAGLAND, Secretary

Flint Ink Corporation

BY: H. Howard Flint, II
H. HOWARD FLINT, II, Vice President

ATTEST: T. W. Clarke
T. W. CLARKE, Secretary