

INTERCOMPANY NOTE – TERM DEBT

Gas Natural Inc. and Northeast Ohio Natural Gas Corp.

Cleveland, Ohio
October 19, 2016

FOR VALUE RECEIVED, the undersigned, Northeast Ohio Natural Gas Corp. (herein called “NEO”), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to Gas Natural Inc. (the “Company”), the principal sum OF ELEVEN MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$11,250,000.00) (or so much thereof as shall not have been prepaid) (the “Principal”) on October 19, 2028 (the “Maturity Date”), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 4.23% per annum from the date hereof (the “Interest”), which interest shall be payable semiannually, on the 19th day of April and October in each year, commencing with the April 19th or October 19th next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, as that term is defined on the attached **Schedule A**, which is incorporated herein by reference, on such unpaid balance at a rate per annum from time to time equal to the greater of (i) 6.23% or (ii) 2.0% over the rate of interest publicly announced by Bank of America, N.A from time to time in New York, New York as its “base” or “prime” rate, payable semiannually as aforesaid.


Payments of Principal of and Interest with respect to this Term Debt Note are to be made to the Company or to such account as the Company shall designate from time-to-time.

NEO will negotiate in good faith with the Company regarding any pre-payments if, in the judgment of the Company and NEO, such prepayment could provide benefit to the Company and/or NEO. In discussing any pre-payment, consideration shall be given to any make-whole payment obligations associated with term debt issuance(s) by the Company that would be contemplated as part of such pre-payment. In addition to the repayment of Principal and Interest, as detailed above, NEO is also obligated to pay its proportional share of any fees associated with issuance of term debt by the Company that has been used to provide NEO with this Term Debt Note. Fees shall be a function of the percentage achieved through dividing the Principal by the total term debt issued by the Company, with the resulting percentage applied to the total fees to achieve NEO's fees due Company.

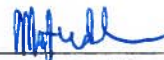
If an Event of Default occurs, as that term is defined on the attached **Schedule A**, and is continuing, the principal of this Term Debt Note may be declared or otherwise become due and payable in the sole discretion of the Company.

This Term Debt Note shall be construed and enforced in accordance with, and the rights of the Company shall be governed by the law of the State of Ohio excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

GAS NATURAL INC.
An Ohio corporation

By: 
Name: James Sprague
Title: Vice President and Chief Financial Officer

Northeast Ohio Natural Gas Corp.
An Ohio Corporation

By: 
Name: Marty Whelan
Title: President

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SCHEDULE A

TERMS OF TERM DEBT NOTE

Term Debt Principal Loan Amount:

Eleven Million Two Hundred Fifty Thousand and 00/100 Dollars (\$11,250,000.00)

Capitalized Terms: Capitalized terms not otherwise defined in this Term Debt Note shall have the same meaning provided in the certain Note Issuance Agreement by Gas Natural Inc. of similar date hereto (the "Note Issuance").

Terms of Repayment: The Principal Loan amount above shall be due on the Maturity Date, detailed below. Interest shall be due as stated above in the Term Debt Note.

NEO shall pay Company its proportional amount of any fees incurred by Company for the Issuance of the Note Issuance Agreement. This includes but is not limited to the Commitment Fee, Closing Fee, Private Placement Fees or other fees resulting from or in connection with the Issuance. However, in no instance will NEO's requirement to pay fees or interest exceed amounts attributable to the Debt Principal Loan Amount detailed above.

No Other Indebtedness or Liens: NEO shall not incur any Indebtedness or allow any Liens, excluding Indebtedness evidenced by this Term Debt Note, a separate Term Debt Note with the Company pertaining to an SAP Loan for a Principal Amount of One Million Five Hundred Thirty Thousand and 00/100 Dollars (\$1,530,000.00) and a Revolving Loan Note with the Company, and trade payables incurred in the ordinary course of business, without prior written approval of the Company.

Maturity Date: The Principal Loan Amount defined above shall be due and payable, including any unpaid interest, on the date(s) set forth on the face of the above Term Debt Note (which may be a single date or a series of dates). In the event the Company issues notes of varying maturity dates to provide NEO with the term debt contemplated herein, then the Principal amount owed will be due on the Maturity Dates set forth on the face of the Term Debt Note, above, with the amount of the Principal due on each date so stated.

This Term Debt Note may be extended beyond the Maturity Date, in Company's sole discretion, from year-to-year after the Maturity Date under the same terms and conditions stated herein by the Company providing NEO written notice of such extension not less than thirty (30) days prior to such extension. In such event, this Term Debt Note will renew under the same terms and conditions herein, unless NEO provides the Company with written notice declining such extension(s).

Default: NEO shall be in default under this Term Debt Note if it fails to meet any of the obligations contained herein, if after written notice by the Company to NEO of the default, NEO does not cure that default within 3 business days of such written notice. In the Company's sole discretion, the Company can waive a default and such waiver shall not be construed as a waiver

of any other provision of this Term Debt Note or as a future waiver of any prior or subsequent default. NEO shall have an ongoing obligation under this Term Debt Note to immediately notify the Company of any failure of NEO under this Term Debt Note to meet an obligation herein, in writing and to immediately take steps to correct such failure.