

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO**

IN RE GAS NATURAL INC.

Lead Case No. 1:13-cv-02805

Judge Christopher A. Boyko

This Document Relates To:

Magistrate Judge Jonathan D. Greenberg

ALL ACTIONS

STIPULATION OF SETTLEMENT

This Stipulation of Settlement ("Stipulation"), dated January 13, 2017, is made and entered into by and among the following Parties:¹ (i) plaintiffs John Durgerian ("Durgerian") and Joseph Ferrigno ("Ferrigno"), individually and derivatively on behalf of Gas Natural Inc. (also referred to herein as "Gas Natural" or the "Company"); (ii) the Individual Defendants; and (iii) Gas Natural, by and through its counsel of record in the Consolidated Action. This Stipulation is intended by the Parties to fully, finally, and forever compromise, resolve, discharge, and settle the Released Claims and dismiss the Consolidated Action with prejudice, upon the terms and subject to the conditions set forth herein.

I. BACKGROUND OF THE CONSOLIDATED ACTION AND SETTLEMENT NEGOTIATIONS

A. The Consolidated Action

This Consolidated Action arises out of five separate shareholder derivative cases filed on behalf of Gas Natural in the U.S. District Court for the Northern District of Ohio between December 10, 2013, and January 7, 2014. These cases are: (i) *Wickham v. Osborne, et al.*, No. 1:13-cv-02718; (ii) *Durgerian v. Osborne, et al.*, No. 1:13-cv-02805; (iii) *Ferrigno v. Osborne, et al.*, No. 1:13-cv-02833; (iv) *Warner v. Osborne, et al.*, No. 1:14-cv-00007; and (v) *Peters v. Osborne, et al.*, No. 1:14-cv-00026. The cases were consolidated on February 26, 2014, and counsel for plaintiffs Durgerian and Ferrigno, Robbins Arroyo LLP, was appointed Lead Counsel.

Plaintiffs Durgerian and Ferrigno filed the operative complaint, the Consolidated Verified Shareholder Derivative Complaint for Violation of the Securities Exchange Act of 1934, Breach of Fiduciary Duty, Waste of Corporate Assets, and Unjust Enrichment (the "Complaint") on

¹ All capitalized terms are defined in Section IV.1 below, unless otherwise noted.

March 24, 2014. The Complaint brought claims against fourteen current and former officers and directors of Gas Natural, two of whom plaintiffs Durgerian and Ferrigno voluntarily dismissed on August 4, 2014 (excluding the two that were dismissed, the "Individual Defendants"). The claims against the Individual Defendants include four counts: (i) against several of the Individual Defendants for violation of Section 14(A) of the Securities Exchange Act of 1934; (ii) against all of the Individual Defendants for breach of fiduciary duty; (iii) against all of the Individual Defendants for waste of corporate assets; and (iv) against all of the Individual Defendants for unjust enrichment. The Complaint centers around allegations that Gas Natural's officers and directors breached their fiduciary duties to the Company due to their failure to institute appropriate internal controls and due to the alleged self-dealing of defendant Richard Osborne ("R. Osborne"). The Complaint alleges that the insufficient internal controls and self-dealing were revealed in part by several investigations made by the Public Utilities Commission of Ohio ("PUCO"). The self-dealing alleged in the Complaint sets forth that defendant R. Osborne, Gas Natural's former CEO, allegedly caused the company to engage in related party transactions with companies he owned and controlled, while the other Individual Defendants allowed it to happen. The Complaint also alleges breaches of fiduciary duty and disclosure violations in connection with the company's acquisition of related party John D. Oil and Gas Marketing ("JDOG"). The allegations related to the JDOG transaction include that certain Individual Defendants purportedly made false statements in connection with the Company's proxy statements filed with the SEC relating to the acquisition of JDOG. Finally, the Complaint includes allegations that certain Individual Defendants engaged in improper insider sales of Gas Natural stock. The Individual Defendants deny all allegations of wrongdoing.

Lead Counsel's investigation leading to the Complaint drew from multiple sources of information, including multiple interviews with confidential witnesses, a review of dozens of Gas Natural's filings with the U.S. Securities and Exchange Commission ("SEC"), and a review of the thousands of pages of information made available from audits of Gas Natural by the PUCO.

B. Litigation of the Consolidated Action

On April 3, 2014, the Magistrate Judge stayed discovery pending resolution of Defendants' motion to dismiss the Complaint. On May 8, 2014, Defendants filed a joint Motion to Dismiss, or, in the Alternative, Stay the Proceedings. After Lead Counsel filed an opposition to the motion, Defendants sought and obtained additional time from the Court to allow defendant R. Osborne to retain separate counsel and to submit separate briefing due to conflicts that had arisen.

On September 24, 2014, the Magistrate Judge issued a Report and Recommendation stating that Defendants' motion should be denied in its entirety with the sole exception being that the cause of action for unjust enrichment should be dismissed.¹ The Magistrate Judge also recommended that Defendants' alternative request for a stay of the proceedings pending an investigation by a special committee be denied.

On October 8, 2014, Defendants (except for defendant R. Osborne) filed objections to the Report and Recommendation. On October 9, 2014, defendant R. Osborne filed his own objections. Lead Counsel filed separate responses to each set of objections. On June 4, 2015, the Court overruled Defendants' objections to the Report and Recommendation and adopted the Report and Recommendation in its entirety.

¹ The Court refused to consider certain of the arguments raised by R. Osborne on Reply.

Several answers were filed by the Defendants on June 30, 2015: (i) an answer filed by defendants Ian Abrams, Wilbur E. Argo, Wade F. Brooksby, Nicholas U. Fedeli, John R. Male, James R. Smail, James E. Sprague, and Michael T. Victor; (ii) an answer filed by defendant R. Osborne, and (iii) an answer filed by defendants Kevin J. Degenstein, Gregory J. Osborne ("G. Osborne"), and Thomas J. Smith.

Formal discovery began following a case management conference held on July 7, 2015. The Court issued a case management order which included certain deadlines for motions and discovery. The Parties engaged in substantial discovery efforts, including multiple meet and confers; the negotiation of search terms for production; letter briefing and hearings before the Court regarding disputes over the relevant time period for production of documents, and the timing of the Company's document production and production of a privilege log resulting in three extensions of the Company's deadline to produce documents; the search, review, and drafting of requests for production that eventually resulted in the production of over one hundred thousand documents from the Company and the Individual Defendants; the search, review, and drafting of subpoenas to third parties PUCO and Rehmann Investigative Services, which was engaged by PUCO to provide a management audit of Gas Natural which resulted, after several meet and confer sessions, in the production of thousands of documents; the review of tens of thousands of documents by Lead and Liaison Counsel; the 30(b)(6) deposition of Gas Natural corporate designee James Sprague; and the preparation and production of three privilege logs from Gas Natural spanning thousands of entries and hundreds of pages.

The Parties also engaged in motion practice regarding the scheduling of remaining discovery and for the setting of a trial date, and a proposed stay of the Consolidated Action. On November 17, 2016, Lead Counsel filed a motion for expedited proceedings and setting of a trial

date, and on December 9, 2016, Defendants filed an opposition to the motion for expedited proceedings and cross-moved for a stay of the litigation. The Court set a date for oral argument for the motions for January 3, 2017.

C. Other Developments

On July 14, 2016, Gas Natural and defendant R. Osborne resolved the numerous disputes that were then pending between defendant R. Osborne and the Company (the "Osborne Settlement"). The Osborne Settlement addressed or resolved eleven lawsuits and other disputes between R. Osborne and the Company. The Parties agree that the litigation of the Consolidated Action contributed to the settlement of these actions.

On October 8, 2016, the Company entered into an agreement and plan of merger with FR Bison Holdings, Inc. and FR Bison Merger Sub, Inc., where Gas Natural would be acquired and become a privately-owned entity (the "Acquisition"). The agreement contemplates regulatory approval during 2017, and an expected closing date in the third quarter of 2017. The Company's shareholders will receive a premium on their shares, receiving \$13.10 per common share, representing a premium of approximately 39% over Gas Natural's 52-week high.

D. Settlement Efforts and Mediation Sessions

The Parties engaged retired federal judge, the Hon. Layn R. Phillips, to mediate the Consolidated Action. Lead Counsel prepared and sent to Defendants a confidential settlement demand. The Parties exchanged confidential mediation statements detailing negotiation positions. On February 26, 2015, the Parties met in New York City for a day-long mediation session with the help of Judge Phillips and his staff. Although the Parties made progress during this first mediation session, the Parties were unable to come to a resolution. Following the resolution of all of the litigation between the Company and defendant R. Osborne, the Parties

returned to New York on October 24, 2016, for a second all-day mediation session with Judge Phillips and his staff. Once again the Parties made progress, but were unable to reach a resolution.

Following the second mediation, discussions and negotiations continued for several weeks with the substantial assistance of Judge Phillips. During those discussions, Judge Phillips made two separate mediator's proposals based on his extensive knowledge of the Consolidated Action and experience with the Parties, as well as his extensive experience successfully mediating similar complex litigation. Nonetheless, both mediator's proposals were rejected by the Parties. Judge Phillips continued the negotiations between the Parties in numerous separate follow-up discussions. Finally, after months of working alongside the Parties to resolve the impasse, on December 8, 2016, Judge Phillips announced that the Parties had reached agreement to settle. Judge Phillips's mediation efforts reflected the experienced mediator's opinion as to an appropriate compromise between the Parties' various positions, balancing the strength of plaintiffs' case against any applicable defenses and practical hurdles, the inherent risks of complex litigation, and factoring in the benefits to the Company that would adhere to such a resolution.

From December 8, 2016 onward, the Parties worked cooperatively to complete the documentation of the Settlement. Lead Counsel also engaged in confirmatory discovery consisting of a targeted review of the documents already produced by Defendants, and in-person interviews at the offices of Kohrman Jackson & Krantz in Cleveland with G. Osborne and Gas Natural's former General Counsel, Vince Parisi.

II. PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT

Plaintiffs Durgerian and Ferrigno and Lead Counsel believe the Consolidated Action has substantial merit. Nonetheless, plaintiffs Durgerian and Ferrigno and Lead Counsel recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Consolidated Action against the Individual Defendants through trial, potential appeals, and/or collection efforts. Litigation risk is particularly acute here given Lead Counsel's assessment that it would be difficult to collect from certain Individual Defendants, in particular defendant R. Osborne, Gas Natural's former CEO, who has substantial debt and potential liability stemming from other pending litigation. Additionally, the appellate process would delay any possible relief for potentially years. A settlement of the Consolidated Action now under these terms also puts Gas Natural in a better position to have the Acquisition approved, providing a measurable and significant benefit to shareholders. Plaintiffs Durgerian and Ferrigno and Lead Counsel believe that a Settlement at this time eliminates substantial litigation risks and expense inherent in complex litigation (including the real risk of no recovery on the claims alleged), while ensuring that the Company and its shareholders immediately receive the substantial benefits of the corporate governance measures making up the substance of the Settlement. Lead Counsel also are mindful of the inherent problems of proof and possible defenses to the claims alleged in such actions. Lead Counsel conducted a thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, and associated litigation risks inherent in derivative actions generally, as well as this Consolidated Action specifically, and believe that the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Gas Natural and its shareholders.

Lead Counsel conducted an extensive investigation relating to the claims and the underlying events alleged in the Consolidated Action, including, but not limited to: (1) inspecting, analyzing, and reviewing Gas Natural's public filings with the SEC, press releases, announcements, transcripts of investor conference calls, and news articles; (2) analyzing and reviewing the numerous reports, findings, recommendations, documents, filings and orders released by regulatory authorities concerning review and investigation of Gas Natural's activities as reported in the Complaint; (3) researching the applicable law with respect to the claims asserted in the Consolidated Action and the potential defenses thereto; (4) drafting and filing the respective complaints in the Consolidated Action; (5) researching and analyzing Gas Natural's internal controls and corporate governance best practices; (6) engaging in substantial discovery efforts, including the search, review, and drafting of numerous requests for the production of documents from the Company and the Individual Defendants, and subpoenas for third parties PUCO and Rehmann Investigative Services, which was engaged by PUCO to provide a management audit of Gas Natural; (7) conducting multiple meet and confer sessions with defense counsel and counsel for third parties regarding the availability of documents; (8) the negotiation of search terms for production; (9) filing letter briefing for the Court regarding discovery disputes; (10) hearings before the Court regarding disputes over the relevant time period for production of documents, and the timing of the Company's document production and production of a privilege log resulting in three extensions of the Company's deadline to produce documents; (11) strategically searching, reviewing and analyzing tens of thousands of non-public documents produced by Defendants; (12) the 30(b)(6) deposition of Gas Natural corporate designee James Sprague; (13) pursuing litigation regarding the scheduling of remaining discovery and for the setting of a trial date, and a proposed stay of the Consolidated Action; (14)

retaining experts for the review of discovery, for consultation regarding the seeking of additional discovery, and for use as expert witnesses in the litigation; (15) preparing and submitting detailed confidential settlement demands; (16) preparing and submitting detailed confidential mediation statements in connection with the mediations; (17) participating in the two separate mediations and continuing negotiations with the mediator and counsel for the Defendants; and (18) engaging in confirmatory discovery consisting of a review of the documents already produced by Defendants, and in-person interviews at the offices of Kohrman Jackson & Krantz in Cleveland with G. Osborne and Gas Natural's former General Counsel.

Based upon the knowledge gained from Lead Counsel's efforts as well as their extensive experience in complex shareholder litigation, plaintiffs Durgerian and Ferrigno and Lead Counsel have determined that the Settlement is in the best interests of Gas Natural and have agreed to settle the Consolidated Action upon the terms and subject to the conditions set forth herein.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Individual Defendants have denied and continue to deny they have committed, threatened, or attempted to commit, any violations of law, or breached any duty owed to Gas Natural or its shareholders. Without admitting the validity of any allegations made in the Consolidated Action, or any liability with respect thereto, the Individual Defendants have concluded that it is desirable that the claims against them be settled on the terms reflected in the Stipulation. The Individual Defendants and Gas Natural are entering into this Settlement solely because it will eliminate the uncertainty, distraction, disruption, burden, risk, and expense of further litigation. Further, Gas Natural acknowledges that the Settlement is fair, reasonable, adequate, confers substantial benefits on, and is in the best interests of Gas Natural.

Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against the Individual Defendants of any fault, wrongdoing, or concession of liability whatsoever.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among plaintiffs Durgerian and Ferrigno (on behalf of themselves and derivatively on behalf of Gas Natural), the Individual Defendants and Gas Natural, by and through their respective counsel or attorneys of record, that, subject to Court approval pursuant to Federal Rules of Civil Procedure 23.1, the Consolidated Action and the Released Claims shall be finally and fully compromised, settled, and released, and the Consolidated Action shall be dismissed with prejudice, as to all Parties, upon the terms and subject to the conditions set forth herein as follows:

1. Definitions

As used in this Stipulation, and in addition to the terms defined elsewhere herein, the following terms have the meanings specified below:

1.1 "Consolidated Action" means the consolidated shareholder derivative action *In re Gas Natural Inc.*, Case No. 1:13-cv-02805, filed in this Court.

1.2 "Court" means the U.S. District Court for the Northern District of Ohio.

1.3 "Current Gas Natural Shareholders" means any Persons who owned Gas Natural common stock as of the date of the execution of the Stipulation and who continue to hold their Gas Natural common stock as of the date of the final settlement approval hearing, excluding the Individual Defendants, the officers and directors of Gas Natural, members of their immediate

families, and their legal representatives, heirs, successors, or assigns, and any entity in which Individual Defendants have or had a controlling interest.

1.4 "Defendants" means collectively Gas Natural and the Individual Defendants.

1.5 "Defendants' Counsel" means Kohrman Jackson & Krantz LLP, One Cleveland Center, 20th Floor, 1375 East Ninth Street, Cleveland, Ohio 4414; Hogan Lovells US LLP, 100 International Drive, Suite 2000, Baltimore, Maryland 21202; Benesch, Friedlander, Coplan & Aronoff, LLP, Fifth Third Bank Center, 200 Public Square, Suite 2300, Cleveland, Ohio 044114; King & Spalding LLP, 1180 Peachtree Street, Atlanta, Georgia 30309; Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601; and Wuliger & Wuliger, 2003 St. Clair Avenue, Cleveland, OH 44114.

1.6 "Defendants' Released Claims" means any and all claims, debts, rights, or causes of action or liabilities, including Unknown Claims, that could be asserted in any forum by the Released Parties against plaintiffs Durgerian and Ferrigno, Lead Counsel, or Gas Natural, which arise solely out of the manner in which the Consolidated Action was instituted, litigated, or settled, provided, however, that the Defendants Released Claims shall not include claims to enforce the Settlement contemplated by this Stipulation or the Stipulation itself, or claims that have been made in an action styled as *Masters v. Bender et. al*, Case No. cv-16-871400 (Nov. 3, 2016 Cuyahoga Cty., Ohio), a verified derivative and class action complaint filed on November 3, 2016, in the Cuyahoga County Common Pleas Court against members of Gas Natural's Board of Directors (the "Board"), certain current and former officers of the company, Gas Natural's largest shareholder, and the entities purchasing Gas Natural in the Acquisition (the "*Masters* Litigation").

1.7 "Effective Date" means the first date by which all of the events and conditions specified in paragraph 6.1 herein have been met and have occurred.

1.8 "Final" means (i) the date of final affirmance on an appeal of the Judgment; (ii) the date of final dismissal of any appeal from the Judgment; or (iii) if no appeal is filed, the expiration date of the time for filing or noticing any appeal from the Judgment. For purposes of this paragraph, an "appeal" shall not include any appeal challenging the award of attorneys' fees and expenses. Any proceeding or order, or any appeal or complaint pertaining solely to the application for attorneys' fees, costs, or expenses shall not in any way delay or preclude the Judgment from becoming Final.

1.9 "Gas Natural" or the "Company" means Gas Natural Inc. and includes all of its past, present and future parents, subsidiaries, predecessors, successors, affiliates, officers, directors, employees, and agents.

1.10 "Individual Defendants" means collectively, Ian Abrams, Wilbur E. Argo, Wade F. Brooksby, Kevin Degenstein, Nicholas U. Fedeli, John R. Male, Gregory Osborne, Richard Osborne, John R. Smail, Thomas Smith, James E. Sprague, and Michael T. Victor.

1.11 "Judgment" means the Final Order of Dismissal with Prejudice and Judgment to be rendered by the Court, substantially in the form of the [Proposed] Final Order of Dismissal with Prejudice and Judgment attached hereto as Exhibit E.

1.12 "Lead Counsel" means Robbins Arroyo LLP, 600 B Street, Suite 1900, San Diego, California 92101.

1.13 "Mediator" refers to the Honorable Layn R. Phillips, United States District Judge, (Ret.), and founder and principal of Phillips ADR.

1.14 "Parties" or "Settling Parties" means collectively, plaintiffs Durgerian and Ferrigno, the Individual Defendants, and Gas Natural.

1.15 "Person" means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government, or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.16 "Related Persons" means a Person's past or present subsidiaries, parents, successors and predecessors, insurers, officers, directors, agents, employees, attorneys, advisors, investment advisors, auditors, accountants, and any firm, trust, corporation, officer, director, or other individual or entity in which the Person has a controlling interest, and the legal representatives, spouses, heirs, successors in interest, or assigns of any Individual Defendant.

1.17 "Released Claims" means and includes any and all claims, rights, causes of action, and potential or actual liabilities, whether based on United States federal, state, or local statutory or common law or any other law, rule, or regulation, including both known claims and Unknown Claims, by, in favor of, or for the benefit of Gas Natural, derivatively on its behalf or by any Person standing or purporting to stand in its shoes, against any of the Released Parties (i) that concern, are based on, arise out of or in any way relate to the allegations, transactions, facts, matters, events, disclosures, non-disclosures, statements, occurrences, representations, acts or omissions or failures to act that have been or could have been alleged in the Consolidated Action, (ii) that would have been barred by *res judicata* had the Consolidated Action been fully litigated to a final judgment, or (iii) that concern, are based on, arise out of or in any way relate to the Consolidated Action or the Settlement; provided, however, that the Released Claims shall

not include claims to enforce the Settlement contemplated by this Stipulation or the Stipulation itself, or claims that have been made in the *Masters* Litigation.

1.18 "Released Parties" means, collectively, Gas Natural, each of the Individual Defendants, and each of their Related Persons.

1.19 "Settlement" means the settlement contemplated by this Stipulation.

1.20 "Settlement Hearing" means the hearing set by the Court to consider final approval of the Settlement.

1.21 "Unknown Claims" means any of the Released Claims and any of the Defendants' Released Claims that any Party does not know or suspect exists in his, her, or its favor at the time of the Settlement including, without limitation, those claims which, if known, might have affected the decision to enter into, or not object to, this Settlement. The Parties expressly waive, relinquish, and release any and all provisions, rights, and benefits conferred by or under California Civil Code Section 1542 ("§1542") or any other law of the United States or any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Parties acknowledge that they may discover facts in addition to or different from those now known or believed to be true by them, with respect to the Released Claims and Defendants' Released Claims in the Settlement, as the case may be, but it is the intention of the Parties to completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any and all Released Claims and Defendants' Released Claims known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now

exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts.

2. Terms of the Settlement

2.1 The Parties have agreed upon the corporate measures set forth as Exhibit A (and listed here for illustrative purposes) regarding a number of topics including, but not limited to: (1) initiation and/or formalization of certain management and corporate governance structural elements; (2) the departure of several of the Individual Defendants from the management and/or Board of the Company; (3) securing the agreement of defendant R. Osborne not to contest the Board's actions with regard to his service at the Company; not to seek to advise, control, or influence the management, the Board, or policies of the Company or any of its subsidiaries; and not to seek to become a Director of the Company, until no sooner than 2022; (4) greater audit committee involvement; (5) greater director independence standards; (6) formal separation of chairman and CEO; (7) Board process improvements; (8) limits for directors' service on other companies' boards; (9) improvements to the Company's insider trading policy; (10) increased shareholder interaction on executive compensation; (11) the retention of an independent corporate governance consultant that will evaluate any potential corporate governance weaknesses at the Company and how to address them; (12) enhanced internal audit procedures; (13) additional audit committee policies and procedures; (14) an enhanced legal and ethics compliance program; (15) a compensation recovery (clawback) policy; and (16) director training, education, and assessment. *See* Exhibit A attached hereto.

2.2 The Gas Natural Board has agreed to adopt, or to maintain where already implemented, the measures set forth at Exhibit A within 30 days from entry of the Judgment granting final approval of the Settlement in this Consolidated Action and will keep such

measures in force and effect for a period of no less than five years, except as otherwise provided in Exhibit A. These measures are designed to improve the manner in which Gas Natural is governed and enhance Board and management oversight and leadership structures and processes.

2.3 Gas Natural and the Individual Defendants acknowledge and agree that the institution and prosecution of the Consolidated Action was a substantial contributing cause of the Company's decision to implement and maintain these measures provided in Exhibit A. Gas Natural further acknowledges and agrees that the measures confer substantial benefits upon Gas Natural and Current Gas Natural Shareholders by, among other things, strengthening Gas Natural's internal controls and Board oversight in the areas addressed in the Complaint. Gas Natural and the Individual Defendants further acknowledge and agree that the litigation of the Consolidated Action was a contributing factor leading to the settlement of the numerous lawsuits that were pending between defendant R. Osborne and the Company.

3. Preliminary Approval and Notice

3.1 Promptly after execution of the Stipulation, the Parties shall submit the Stipulation together with its exhibits to the Court and jointly apply for entry of the [Proposed] Order Preliminarily Approving Settlement and Providing Notice (the "Proposed Preliminary Approval Order"), attached hereto as Exhibit B, requesting: (i) preliminary approval of the Settlement set forth in this Stipulation; (ii) approval of the form and content of the Summary Notice of Pendency and Proposed Settlement of Shareholder Derivative Action (the "Summary Notice") and the Notice of Pendency and Proposed Settlement of Shareholder Derivative Action (the "Notice") attached hereto as Exhibits C and D, respectively; and (iii) a date for the Settlement Hearing.

3.2 Lead Counsel will move the Court to approve the form and content of notice of the Settlement to Current Gas Natural Shareholders. Specifically, Lead Counsel will seek approval of the Notice and the Summary Notice. Within ten calendar days after entry of an order substantially in the form of the Proposed Preliminary Approval Order, which includes the approval of the Summary Notice and Notice substantially in the form of the notices attached hereto as Exhibits C and D, Gas Natural shall publish the Summary Notice once in *Investor's Business Daily*, and cause the Notice to be filed with the SEC by a Current Report on Form 8-K. Gas Natural shall be responsible for all costs associated with publishing each form of notice.

3.3 Within ten calendar days after the entry of the Preliminary Approval Order, Lead Counsel and Gas Natural shall post copies of the Notice and the Stipulation on their respective websites. The Parties believe the content and manner of the notices contemplated herein constitute adequate and reasonable notice to Gas Natural shareholders pursuant to applicable law.

3.4 Lead Counsel shall request that the Court schedule the Settlement Hearing after notice as described above is given. Pending the Court's determination as to final approval of the Settlement, Lead Counsel is barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claim against any of the Released Parties.

4. Releases

4.1 Upon the Effective Date, plaintiffs Durgerian and Ferrigno and Current Gas Natural Shareholders, on behalf of Gas Natural, and Gas Natural, shall be deemed to have (and by operation of a final judgment in the Consolidated Action shall have) fully, finally, and forever settled, released, extinguished, waived, discharged, and dismissed with prejudice any and all

Released Claims against the Released Parties, and shall forever be barred and enjoined from initiating, instituting, commencing, maintaining, or prosecuting any and all Released Claims against any Released Parties.

4.2 Upon the Effective Date, the Individual Defendants and each of the other Released Parties, on behalf of themselves, their heirs, executors, administrators, insurers, predecessors, successors, and assigns, shall be deemed to have (and by operation of a final judgment in the Consolidated Action shall have) fully, finally, and forever settled, released, extinguished, waived, discharged, and dismissed with prejudice any and all Defendants' Released Claims against plaintiffs Durgerian and Ferrigno and Lead Counsel and shall forever be barred and enjoined from initiating, instituting, commencing, maintaining, or prosecuting any and all Defendants' Released Claims against plaintiffs Durgerian and Ferrigno, Lead Counsel, and Gas Natural.

4.3 The Parties will seek entry of Judgment by the Court, dismissing the Consolidated Action with prejudice and barring any Released Claims.

5. Attorneys' Fees and Expenses

5.1 After negotiating the substantive terms of the Settlement, the Parties reached an agreement as to a fair and reasonable amount of attorneys' fees and expenses to be paid to Lead Counsel. In recognition the substantial benefits conferred upon Gas Natural, the Board of Gas Natural authorized Gas Natural to pay or to cause its insurers to pay Lead Counsel attorneys' fees and unreimbursed expenses in the amount of \$3,200,000, subject to Court approval (the "Amount").

5.2 The Amount shall be paid by Gas Natural and its insurers to an escrow account maintained by Lead Counsel ("Escrow") within the later of ten business days after entry of the

Preliminary Approval Order or February 8, 2017. The Amount (or the Modified Amount pursuant to paragraph 5.3 below, as the case may be) shall be releasable to Lead Counsel from Escrow immediately upon the entry of Judgment. In the event that the motion for final approval is denied, or the Judgment is reversed or modified, including by way of ruling by an appellate court having jurisdiction over the Consolidated Action, or the Stipulation is cancelled or terminated for any other reason, then the Amount shall be returned to Gas Natural and its insurers, within ten business days from receiving notice of such cancellation or termination. The Amount shall constitute final and complete payment for plaintiffs' attorneys' fees and expenses that have been incurred or will be incurred in connection with the filing and prosecution of the Consolidated Action and the resolution of the derivative claims alleged therein. Lead Counsel shall be solely responsible for the distribution of the Amount among plaintiffs' counsel. Defendants shall have no responsibility for the allocation of the Amount among plaintiffs' counsel.

5.3 Any decision, order, or proceedings relating to the request for approval of the Amount, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Stipulation or affect or delay the validity or finality of the Settlement or the Judgment approving this Stipulation. Should the Court award attorneys' fees and expenses in an amount less than the Amount, whether in the first instance or following any appeal (a "Modified Amount"), the Modified Amount shall be releasable from Escrow to Lead Counsel after the later of the entry of Judgment or the Court awarding the Modified Amount, and the difference between the Amount and Modified Amount shall be returned to Gas Natural and its insurers in the same respective proportions among them as they had agreed to pay with regard to the Amount.

5.4 Except as otherwise provided herein, each of the Parties shall bear his, her, or its own costs and attorneys' fees.

5.5 Lead Counsel may apply for Court-approved payments in the amount of \$5,000 each to plaintiffs Durgerian and Ferrigno (the "Payments") in recognition of plaintiffs Durgerian's and Ferrigno's participation and efforts in the prosecution of the Consolidated Action. The Payments shall be funded from the Amount. The failure of the Court to approve any requested Payments, in whole or in part, shall have no effect on the Settlement set forth in this Stipulation. Neither Gas Natural, its insurers, nor any of the Individual Defendants shall be liable for any portion of any Payments.

6. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination

6.1 The Settlement shall be conditioned on the occurrence of all of the following events:

(a) entry of the Preliminary Approval Order substantially in the form of Exhibit B attached hereto;

(b) final approval of the Settlement following notice to Current Gas Natural Shareholders and the Settlement Hearing as required by Federal Rule of Civil Procedure 23.1;

(c) entry of the Judgment substantially in the form of Exhibit E attached hereto;

(d) payment to Lead Counsel of the Amount or Modified Amount in accordance with paragraphs 5.1-5.4 above; and

(e) the Judgment has become Final.

6.2 If any of the conditions listed in paragraph 6.1 are not met, the Stipulation and any settlement documentation shall be null and void and of no force and effect, unless Lead

Counsel and Defendants' Counsel mutually agree in writing to proceed with the Stipulation. In the event that any of the conditions listed in paragraph 6.1 are not met, the Parties shall be restored to their positions on the date immediately prior to the execution date of the Stipulation, and the Stipulation shall not be deemed to constitute an admission of fact by any Party, and neither the existence of the Stipulation nor its contents, shall be admissible in evidence or be referred to for any purposes in the Consolidated Action or in any litigation or judicial proceeding.

7. Bankruptcy

7.1 In the event any proceedings by or on behalf of Gas Natural, whether voluntary or involuntary, are initiated under any chapter of the U.S. Bankruptcy Code, including any act of receivership, asset seizure, or similar federal or state law action ("Bankruptcy Proceedings"), the Parties agree to use their reasonable best efforts to obtain all necessary orders, consents, releases, and approvals for effectuation of this Stipulation in a timely and expeditious manner.

7.2 In the event of any Bankruptcy Proceedings on or on behalf of Gas Natural, the Parties agree that all dates and deadlines set forth herein will be extended for such periods of time as are necessary to obtain necessary orders, consents, releases, and approvals from the Bankruptcy Court to carry out the terms and conditions of the Stipulation.

8. Miscellaneous Provisions

8.1 The Parties: (a) acknowledge that it is their intent to consummate this Stipulation; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of the Stipulation.

8.2 The Parties agree that the terms of the Settlement were negotiated in good faith by the Parties, and reflect a Settlement that was reached voluntarily after consultation with competent legal counsel. The Parties will request that the Judgment in the Consolidated Action contain a finding that during the course of the litigation, including the filing of the actions later consolidated, the Parties and their respective counsel at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure and all other similar rules of professional conduct. Each of the Parties reserves its right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Consolidated Action was brought or defended in bad faith or without a reasonable basis.

8.3 Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Released Parties; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Released Parties in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Any of the Released Parties may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

8.4 The exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

8.5 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Parties or their respective successors-in-interest by the signatories to this document.

8.6 The Stipulation and the exhibits attached hereto represent the complete and final resolution of all disputes between the Parties with respect to the Consolidated Action, constitute the entire agreement among the Parties, and supersede any and all prior negotiations, discussions, agreements, or undertakings, whether oral or written, with respect to such matters.

8.7 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties and the Released Parties. The Parties agree that if any disputes arise related to the implementation and enforcement of the terms of the Stipulation prior to final approval, said disputes are to be resolved by the Mediator first by way of mediation, and if mediation is unsuccessful then by way of binding, non-appealable arbitration. If for any reason the Mediator is unavailable or has a conflict, the Parties shall agree on a substitute neutral so that this paragraph may be enforced without returning to the Court. If the Parties cannot agree upon a substitute neutral, they will jointly petition the Mediator to select a neutral for them to enforce this paragraph.

8.8 The Stipulation shall be deemed drafted equally by all Parties hereto.

8.9 The Stipulation and the Settlement contemplated by it shall be governed by, and construed in accordance with, the internal laws of the State of Ohio, without regard to Ohio's conflict of law rules.

8.10 No representations, warranties, or inducements have been made to any party concerning the Stipulation or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.

8.11 Each counsel or other Person executing the Stipulation or its exhibits on behalf of any Settling Party hereby warrants that such Person has the full authority to do so.

8.12 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties and the Released Parties hereto.

8.13 The Stipulation may be executed by facsimile and in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

8.14 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation upon final approval, and the Parties submit to the jurisdiction of the Court upon final approval for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

8.15 All proceedings in the Consolidated Action shall be stayed, except as provided in the Stipulation. Other than seeking approval of the Settlement or as permitted herein or as may be expressly required by the Court, Lead Counsel agrees that Lead Counsel will not take any action, or make any filings in the Consolidated Action other than those contemplated by the Stipulation.

IN WITNESS WHEREOF, the Parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated as of January 13, 2017.

DATED: January 13, 2017

s/ George C. Aguilar
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DATED: January 13, 2017

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DATED: January 13, 2017

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DATED: January 13, 2017

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EXHIBIT A

EXHIBIT A
CORPORATE GOVERNANCE MEASURES

Plaintiffs John Durgerian and Joseph Ferrigno, through Lead Counsel, filed the Consolidated Verified Shareholder Derivative Complaint for Violation of the Securities Exchange Act of 1934, Breach of Fiduciary Duty, Waste of Corporate Assets, and Unjust Enrichment (the "Complaint") on March 24, 2014. The Complaint centers around allegations that certain of the officers and directors of Gas Natural Inc. ("Gas Natural," or the "Company") breached their fiduciary duties to the Company due to their failure to institute appropriate internal controls and due to the alleged self-dealing of defendant Richard Osborne ("R. Osborne"). The Complaint claims that the alleged insufficient internal controls and self dealing were revealed in part by several investigations made by the Public Utilities Commission of Ohio ("PUCO"). The self-dealing alleged in the Complaint sets forth that defendant R. Osborne, Gas Natural's former CEO, allegedly caused the company to engage in related party transactions with companies he owned and controlled, while the other Individual Defendants allowed it to happen. The Complaint also alleges breaches of fiduciary duty and disclosure violations in connection with the company's acquisition of related party John D. Oil and Gas Marketing ("JDOG"). The allegations related to the JDOG transaction include that certain Individual Defendants purportedly made false statements in connection with the Company's proxy statements filed with the SEC relating to the acquisition of JDOG. Finally, the Complaint includes allegations that certain Individual Defendants engaged in improper insider sales of Gas Natural stock. The Individual Defendants deny all allegations of wrongdoing.

As a result of, among other things, the filing, prosecution and settlement of this proceeding (the "Consolidated Action"), Gas Natural has implemented and/or will implement the corporate governance measures described herein (the "Measures"). Gas Natural acknowledges and agrees that the Measures, set forth in detail below, are significant and extensive and confer substantial benefits upon Gas Natural and its shareholders. Gas Natural also acknowledges and agrees that the pendency and prosecution of the Consolidated Action was a material cause of Gas Natural's decision to implement or maintain the following Corporate Governance Measures.

I. OVERVIEW

As set forth in Section II below, Gas Natural has implemented and/or will implement the following Measures:

- Remove or accept the resignations of several of the Individual Defendants;
- Secured the agreement of defendant R. Osborne not to seek to advise, control, or influence the management, Board of Directors (the "Board") or policies of the Company or any of its subsidiaries, or to seek to become a director of the Company, until no sooner than 2022;
- Improve processes of the Board, including its committees;
- Provide for greater director independence standards;
- Add new, independent leadership to the Board;
- Provide for an Independent Corporate Governance Policy evaluation and assessment;
- Strengthen the Company's insider trading policies;
- Provide a compensation recovery plan for recovering compensation paid to faithless fiduciaries with regard to matters arising after the date of this agreement (a "Clawback" arrangement);

- Enhance and expand upon Gas Natural's Ethical Compliance and Whistleblower Policies;
- Provide additional support and resources as well as enhanced policies and procedures for Gas Natural's outsourced Internal Audit function; and
- Provide directors with enhanced education and training to better equip them to serve Gas Natural.

The Measures underscore Gas Natural's commitment to integrity, transparency, and independence. The Measures go beyond the requirements of applicable law to ensure that conduct of the type alleged in the Consolidated Action does not occur.

Within thirty (30) days after the entry of an order granting final approval of the Settlement, the Board has agreed to adopt, or to maintain where already implemented, the Measures detailed below. The Company has committed to implementing and maintaining these Measures for a period of at least five years, or until such time as it should cease to be a public company.

II. CORPORATE GOVERNANCE REFORMS

A. Executive Personnel Changes

1. Termination or Resignations of Several Individual Defendants:

The Board has terminated or accepted the resignations of a majority of the Individual Defendants.

2. R. Osborne's Service at and Interaction with the Company: R.

Osborne has agreed not to contest the actions taken by the Board with regard to his service at Gas Natural; not to seek to advise, control, or influence the management, Board, or policies of the Company or any of its subsidiaries; and not to seek to become a director of the Company until no sooner than 2022.

3. Audit Committee Involvement: Gas Natural's audit committee charter shall set forth that the CFO shall report to the Audit Committee no fewer than six times per year.

4. Retention of a New Corporate Controller: Gas Natural appointed a new Corporate Controller.

B. Audit Function Improvements

1. Audit Team Liaison: The Company shall appoint an employee within the accounting or legal department to be the liaison for interactions with the Company's outsourced internal audit function (the "Audit Team Liaison"). The Audit Team Liaison shall be available to answer inquiries and provide information to the audit team, and to coordinate meetings with other employees, the Audit Committee, or the CFO, as required.

2. Audit Team Risk Identification: Gas Natural's outsourced internal audit team shall meet at least twice annually with the CFO and Audit Committee to discuss significant developments, areas of risk, and ways for the auditing team to better identify risks and solutions for the Company.

3. Review of Audit Team Scope: Gas Natural's outsourced internal audit team shall meet annually with the CFO and Audit Committee to discuss the audit team's proposed scope of auditing for the coming year. The CFO and Audit Committee shall ensure that the scope is appropriate, providing any input on areas to expand upon or new areas to include. The CFO and the Audit Committee shall also discuss with the auditing team whether they have sufficient resources to complete the audit plan, and discuss whether there are any staffing, training, or other issues that need to be resolved.

4. Prompt Analysis of Identified Issues: Additionally, the outsourced internal audit team shall promptly review with the Audit Committee any

significant problems, disagreements with management, or scope restrictions encountered in the course of its work.

5. Periodic Review: The Audit Committee shall establish and oversee a biannual review of the internal audit function's policies, practices and procedures, along with recommendations for improvements to be voted on by the Audit Committee.

6. Performance Analysis: The Audit Committee and the CFO shall oversee the performance of the outsourced internal audit team, and shall oversee the continued retention and potential replacement of the team, as necessary.

C. Board Changes

1. Removal of Board Members: defendants Thomas J. Smith, R. Osborne, W. Gene Argo, Wade Brooksby, John R. Male, and James E. Sprague are no longer members of the Board.

2. Addition of New Directors Free From Conflicts: Since the initiation of the Consolidated Action, the Board nominated and shareholders elected additional members Michael Winter, Michael Bender, James Carney and Robert Johnston.

3. Appointment of New Audit Committee: Two of the newly appointed independent directors -- Mr. Carney and Mr. Johnston -- now serve on the Audit Committee.

4. Selection of Lead Independent Director: The Board shall select one of the newly appointed independent Board members to serve as the Lead Independent Director (as described below).

5. Separation of Chairman and CEO: The Company's bylaws shall be amended to provide that the position of Chairman of the Board may not be held simultaneously by the same person as the CEO. The Chairman of the

Board position will become the Lead Independent Director position, as defined below.

6. Establishment of Lead Independent Director Position: The independent members of the Board shall annually elect by secret ballot an independent director to act in a leadership capacity to coordinate with the other independent directors, as described below. The Lead Independent Director shall coordinate and moderate executive sessions of the Board's independent directors and act as principal liaison between the independent directors and the CEO on topics or issues as requested by the independent directors, or any other topic selected by the Lead Independent Director.

7. Duties of the Lead Independent Director: In addition to the duties of all Board members (which shall not be limited or diminished by the Lead Independent Director's role), the Lead Independent Director shall be responsible for overseeing the following functions:

- (a) Timing and agendas for Board and committee meetings;
- (b) Determining the nature, quantity, and timing of information provided to the independent directors by the Company's management, including information specifically requested by the Lead Independent Director;
- (c) Retention of counsel or consultants who report directly to the Board, or to the Lead Independent Director, as necessary;
- (d) Implementation of corporate governance policies and procedures, including assisting the chairpersons of the various Board committees as requested by those chairpersons;

- (e) Receiving reports from the Governance and Nominating Committee regarding recommended revisions to Gas Natural's corporate governance policies;
- (f) Evaluating, along with the members of the Compensation Committee and the full Board, the CEO's performance and meeting with the CEO to discuss the Board's evaluation; and
- (g) Recommending members for various Board committees, as well as selection of the committee Chairs.

8. Greater Director Involvement: The Company's bylaws should be amended to mandate that whenever reasonably possible, the agenda and all materials for Board meetings be disseminated at least seven days in advance of each meeting and sent to the directors and any anticipated attendees (as appropriate).

9. Director Term Limits: No person shall serve as a member of the Board for more than seven years, unless their continuing service is approved by shareholder vote after shareholders have been given specific notice that the director has served for seven years (or more).

10. Insider Trading Policy: The Company shall amend its Code of Conduct to include reference to its formal insider trading policy. The Audit Committee will evaluate the current policy against policies at peer companies and will revise the policy as needed to keep in line with the Company's peers and best practices.

11. Director Independence Standard Improvements: The Governance and Nominating Committee shall annually review the Company's standards for director independence, and whether the Board's members meet these standards. At least two-thirds of the Board's members shall be

independent directors, as that term is defined by New York Stock Exchange and Securities and Exchange Commission rules.

(a) Except where compelling reasons may otherwise suggest, the Board shall strive to nominate new candidates for the Board who meet the following heightened criteria for independence. According to these heightened criteria, an "independent" director shall not:

- (i) Have been employed as an elected officer of the Company or its subsidiaries for more than one year within the last five calendar years;
- (ii) Have any personal service contract(s) with the Company or any member of the Company's senior management;
- (iii) During the current calendar year or any of the three immediately preceding calendar years, have any business relationship with the Company for which the Company has been required to make disclosure under Item 404 Regulation S-K, other than for service as a director or for which relationship no more than de minimis remuneration (as defined below) was received in any one such year; provided, however, that the need to disclose any relationship that existed prior to a director joining the Board shall not in and of itself render the director non-independent;

- (iv) Be employed by a public company at which an executive officer of the Company serves as a director;
 - (v) Have any of the relationships described in subsections (i)-(iv) above with any "affiliate" of the Company as determined pursuant to applicable SEC guidance; nor
 - (vi) Be a member of the immediate family of any person described in subsections (i)-(iv) above.
- (b) For the purpose of the heightened criteria for independence set forth in the previous subsection, a director is deemed to have received remuneration (other than remuneration as a director, including remuneration provided to a non-executive Board or committee Chairman), directly or indirectly, if remuneration, other than de minimis remuneration, was paid by the Company, its subsidiaries, or affiliates, to any entity in which the director has a beneficial ownership interest of five percent or more, or to an entity by which the director is employed other than as a director. Remuneration is deemed de minimis remuneration if such remuneration is \$120,000 or less in any calendar year, or, if such remuneration is paid to an entity, if it: (i) is less than or equal to \$1 million in any calendar year, or one percent (1%) of the gross revenues of the entity in any calendar year, whichever amount is less;

and (ii) did not directly result in a material increase in the compensation received by the director from that entity.

- (c) On an annual basis, the Governance and Nominating Committee will conduct a review of the overall composition profile of the Board to determine whether the then-current directors collectively represent an appropriate mix of experience and expertise. In addition, directors will conduct a self-assessment of the Board, including assessments of the following: (i) general makeup and composition of the Board; (ii) sufficiency of materials and information provided to the Board; (iii) Board meeting mechanics and structure; (iv) Board responsibility and accountability; and (v) Board meeting content and conduct.

12. Mandatory Attendance at Annual Meetings: Absent extraordinary circumstances, or where travel to the meeting would be a substantial hardship, each member of the Board shall attend each annual shareholder meeting in person, and, during the annual shareholder meeting, shareholders shall have the right to ask questions orally or in writing, and to receive answers and discussion where appropriate from the CEO and members of the Board, subject to reasonable limitations on the time allotted for such discussion or the manner in which such discussion may be provided. Notwithstanding the foregoing, such discussion shall take place regardless of whether questions posed by shareholders have been submitted in advance.

13. Limits on Committee Service: Directors may chair only one standing committee of the Board, and unless impracticable may serve on a maximum of two standing committees.

(a) Limits on Board Service: Gas Natural shall not seek to nominate for the Board any new director who serves on any more than two other boards of public companies, or any director who serves on any more than four other boards, whether those boards are for public or private companies. Service on the boards of non-profit charitable entities shall be excluded from this restriction.

14. Code of Regulations: In the interest of transparency and in order to provide for more informed shareholders, the Company shall post the Gas Natural Code of Regulations to its corporate website and shall include the Regulations and any standing Board Committee charters in each annual proxy filing.

D. Related Party Transaction Policy

1. Adoption of New Policy: The Company will adopt the Related Party Transaction Policy attached hereto as Exhibit A-1, and will incorporate it into its Code of Conduct.

2. Director Review of Standards: The Company's Board shall annually review the Company's standards, guidelines, and prohibitions for related party transactions, and shall be familiar with them.

E. Insider Trading Policy

1. The company has amended its insider trading policy to enhance and clarify provisions requiring reasonable oversight and approval mechanisms for trades of senior officers. The amended insider trading policy is attached hereto as Exhibit A-2.

F. Shareholder Advisory Vote on Executive Compensation

1. Institution of Advisory Vote: Gas Natural shall continue its annual shareholder "Say on Pay" vote pursuant to section 14A(a)(1) of the Exchange Act.
2. Abstention of Officers and Directors: Officers and directors of the Company shall abstain from voting their shares with regard to any "Say on Pay" voting.
3. Board Response to Vote: The Company, either through the Governance and Nominating Committee or the full Board, shall publish the appropriate formal response to the non-binding shareholder vote as to any year in which more than 40% of voting shares decline to approve Gas Natural's executive compensation. The response shall state in detail (i) the primary factors in the Board's compensation decisions, including any data or other information material to the Board's decision; and (ii) any measures to be taken by the Board to address non-approving shareholders' concerns or the Board's rationale for taking no action.

G. Independent Corporate Governance Consultant

1. Independent Review of Procedures: The Company shall engage an independent corporate governance consultant to perform an independent analysis of material corporate governance weaknesses. This consultant will report directly to the Board, though the consultant shall have access to materials or personnel from any part of the Company in order to assist them. The consultant shall review the Company's Corporate Governance Guidelines document to evaluate the Company's existing corporate governance measures.
2. Board Analysis of Report: The consultant shall provide a written report and oral presentation to the entire Board at the next meeting

following completion of the analysis. After reviewing the report, the Board shall vote on which recommendations to adopt.

H. Audit Committee and Review of Financial Statements and Reports

1. Audit Committee Composition: The Audit Committee shall consist of at least three members who meet the independence requirements under Rule 10A-3(b)(1) of the Exchange Act. At least two members of the Audit Committee shall have a financial background that would qualify them as financial experts under section 407 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. §7265, *et seq.* ("Sarbanes-Oxley"). The Chairman of the Audit Committee shall be elected by the independent directors of the Board.

2. Audit Committee Meeting Requirements: The Audit Committee's charter shall be amended to state that the committee shall meet at least six times a year, with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting, in person or via video- or teleconference. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

3. Audit Committee Review: The Audit Committee shall review and discuss with the appropriate members of management, the independent auditors, and internal auditors the following key concepts:

- (a) The scope and results of the annual audit, including a report prepared in accordance with Item 407 of Regulation S-K to be included in the Company's proxy statement. The Audit Committee shall also report on other activities of the Audit Committee and recommend additions or variations in

auditing, accounting, and control functions as it may deem desirable; and

- (b) Management's assessment of internal control over financial reporting and the related report and attestation on internal control over financial reporting.

4. Review of Audit Plan: The Audit Committee shall annually review the overall plan of the audit as proposed by the independent auditors, including the scope of the examination to be performed, the assistance to be provided by the internal auditors, and any developments in accounting principles and auditing standards that may affect either the financial statements or the audit.

5. Confirmation with Independent Auditors: The Audit Committee shall meet with the Company's independent auditors prior to the issuance of any SEC filings on Forms 10-Q or 10-K.

6. Meeting with Key Groups: The Audit Committee shall meet with the Corporate Controller, the Chief Compliance Officer, the Audit Team Liaison, and the individual responsible for enterprise risk management at the Company (separately, or together) at least quarterly.

7. Investigation with Independent Auditors: Prior to the filing of any audit report, the Audit Committee must timely request a report from independent auditors concerning other material written communications between the independent auditors and Company management, such as any management letters or schedule of unadjusted differences.

8. Additional Duties: The Audit Committee's duties shall include assessing and appropriately responding to, if necessary, the following:

- (a) Management's attitude toward internal controls, the process for establishing and monitoring internal controls, and any

special auditing steps adopted in light of material control deficiencies;

- (b) The scope and results of the internal audit program; and
- (c) Compliance with appropriate audit standards.

9. Audit Committee Authority: The Audit Committee shall conduct or authorize investigations into any activities it deems necessary and appropriate.

I. Legal and Ethics Compliance program (including Whistleblower Program)

1. Adoption of Program: The Board of Directors will adopt a Legal and Ethics Compliance Program designed to both prevent misconduct and detect potential violations of applicable law, regulation, and Company policies. The compliance program will be based on the U.S. Federal Sentencing Guidelines, found in section 8B2.1, which are considered the gold standard.

2. Adherence to Legal Standards: The program will be structured to assist the Board in the fulfillment of its duties of care and loyalty and its role in risk oversight as required under Ohio law and applicable SEC regulations.

3. Key Components of Program: The program will consist of seven key components:

- (a) Oversight by a dedicated senior-level compliance officer;
- (b) Clear standards and procedures communicated to employees to minimize misconduct and violations;
- (c) Employee training to include an on-boarding program module and continuing education;

- (d) Monitoring and auditing capabilities including a mechanism (described below) for employees to anonymously report concerns, and with access to the Audit Committee;
 - (e) Annual progress reports to the Board on compliance program implementation and areas of emerging concerns;
 - (f) Adoption of a written policy detailing procedures for conducting internal investigations and addressing complaints; and
 - (g) Enhancements to existing policies to clarify the progressive employee discipline process and create incentives for compliance.
4. Details of Program: The implementation of this program will include the following specifics:
- (a) The Company will implement a Legal and Ethics Compliance Program (the "Program") designed to significantly enhance the Board's ability to prevent and detect misconduct and so that shareholder value is protected;
 - (b) The Program shall be implemented via amendment or addendum to the Company's Code of Conduct no later than three months following the Final Approval Date, and will be overseen by the Chief Compliance Officer;
 - (c) The Program will provide for the following: a revised Code of Conduct and Business Ethics based on a legal risk assessment, an investigations policy, a budget with adequate resources to conduct an effective training

program, and a whistleblower program as further set forth herein;

- (d) The CCO shall review existing policies, practices, and procedures for compliance with applicable laws, rules, and regulations. The CCO shall recommend improvements to existing policies, practices, and procedures for the receipt, retention, and consideration of reports or evidence of suspected violations of applicable laws, rules and regulations or the Code of Conduct and Business Ethics as necessary or appropriate;
- (e) In the event of a report of an actual or potential violation, the CEO, General Counsel (if applicable), and CFO will be notified (except, in the case where such officer is suspected to be involved or have culpable knowledge of the alleged misconduct, in which case the Audit Committee will be informed). The CCO shall have authority to make such inquiry or investigation into the facts and circumstances relating to such actual or potential violation as is necessary or appropriate. Following such inquiry or investigation, the CCO, in conjunction with the Committee, shall recommend that the Company take any necessary or appropriate remedial measures or actions including appropriate disciplinary measures for engaging in criminal conduct and for failing to take reasonable steps to prevent or detect criminal conduct;
- (f) The CCO shall report at least semi-annually to the Audit Committee regarding the status of Gas Natural's

compliance policies, practices, programs, and performance. Such reports shall contain a summary of any reports of actual or potential violations reported to the CCO and any action taken thereon. Where the CCO's reports identify gaps or risks requiring the Company's attention, the CCO's report shall include a roadmap for addressing such gaps, prioritizing the risks that require the most attention, and assigning responsibilities and milestones to mitigate those risks. The CCO shall also have authority to raise any matter to the Audit Committee at any regularly scheduled meeting if, in his sole discretion, he deems it appropriate or necessary; and

- (g) The Company shall regularly publicize and promote its ethics and compliance policies, practices, and programs to its employees and independent contractors, including implementing a training and education program as well as establishing appropriate incentives for employees and independent contractors to perform in accordance with the Legal and Ethics Compliance Program.

5. Audit Committee Responsibility: The Company shall make appropriate changes to the Audit Committee charter to reflect its responsibility for the oversight of the CCO's management of the Program as set forth herein.

6. Formal Whistleblower Program and Log: The Program shall include a formal whistleblower program allowing for the anonymous reporting by Gas Natural employees of any potential or suspected violation of federal or state law. Any matter may be reported not just to

the employee's superior but also directly to the CCO or the Chair of the Audit Committee. A log of whistleblower complaints as well as the results of all investigations of complaints shall be memorialized in writing and maintained by the Company for a period of not less than five years.

J. Compensation Recovery Policy

1. Clawback Provision for future conduct: Gas Natural shall establish a clawback provision which will recoup employee compensation under the following terms for future conduct:

- (a) Upon any restatement of the Company's financial results, the Board shall make a reasonable investigation to determine whether the restatement was due to gross negligence (or more culpable misconduct) by one or more of the Company's executive officers. If the Board reasonably believes that, based on its investigation, the restatement was due to such misconduct by an executive officer(s), provided that such misconduct occurred after the effective date of this Stipulation and was not or could not have been raised as part of a claim by Plaintiffs in this action, the Board shall take all steps necessary, including placement of a lien, to recoup all incentive compensation paid to the officer(s) during the time period that is the subject of the restatement, and evaluate whether additional disciplinary action should be taken, up to and including termination. The Board's determination and bases therefore must be recorded in the Board resolution or minutes;
- (b) If the Board reasonably believes that, based on its investigation, the restatement was due to something other

than gross negligence (or more culpable misconduct), then the Board must recoup the extent of any incentive or performance-based compensation that is commensurate with the degree of overstatement of the Company's performance paid to executive officer(s) in order to ensure proper alignment of compensation with actual performance and long-term value creation. The Board's determination and bases therefore must be recorded in the Board resolution or minutes;

- (c) The Board shall disclose in the Company's next proxy statement the results of its investigation pursuant to this clawback provision, and the amount of incentive compensation recouped, if any, on the basis of its investigation;
- (d) Any monies recovered under the compensation recovery policy may be held in constructive trust for the benefit of the Company, if the Board, in its discretion, determines that it is appropriate to do so;
- (e) The compensation recovery policy does not purport to limit section 304 of Sarbanes-Oxley in any way, but any monies recovered under this provision shall be deemed by the Company to have been recovered under section 304 of Sarbanes-Oxley; and
- (f) All current employment agreements and contracts relating to compensation of the Company's officers and directors shall be modified to reflect this policy.

K. Director Training, Continuing Education, Evaluation and Reporting, and Annual Self-Assessment

1. Multi-Day Director Training: Each director shall be required to attend at least one multi-day training course provided by a nationally recognized corporate director education provider.

2. Key Officer Identification of Education Opportunities: The Company's CCO, CFO, and Internal Audit Liaison shall annually select a topic that, in consultation with one another, they believe to be of particular importance to the Company or the Board. They will present on this topic, or arrange for a person knowledgeable regarding the subject to present on this topic, in front of the entire Board, whether at a regularly scheduled Board meeting or an additionally scheduled meeting.

3. Annual Self-Assessment: Each year, every member of the Board will assess their own performance as well as the performance of the rest of the Board. The Lead Independent Director will review the assessments for the rest of the Board, and share their own assessment. The Board shall discuss key lessons to be learned from the reviews and areas on which to improve.

EXHIBIT A-1

GAS NATURAL INC.

RELATED PARTY TRANSACTIONS POLICY

The Board of Directors of Gas Natural Inc. (the “**Company**”) recognizes that certain transactions present a heightened risk of conflicts of interest or the perception of a conflict. Therefore, the Board has adopted this Related Party Transactions Policy (the “**Policy**”), acting upon the recommendation of its Governance and Nominating Committee (the “**Committee**”), to ensure that all Related Party Transactions (as defined below) are subject to review, approval or ratification in accordance with the procedures described below.

Policy

Related Party Transactions, which are limited to those described in this Policy, shall be subject to the approval or ratification by the Committee in accordance with this Policy. It is the responsibility of the Committee to administer this Policy by reviewing and making a recommendation to the Board for the Board’s approval or denial of any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) in accordance with this Policy.

Background

Pursuant to Item 404 of Regulation S-K of the Securities and Exchange Commission (“**SEC**”), certain transactions between an issuer and certain related persons must be disclosed in the Company’s filings with the SEC. In addition, the SEC rules and NYSE MKT standards require our Board to assess whether relationships or transactions exist that may impair the independence of our outside directors. Accordingly, this Policy is intended to provide guidance and direction to satisfy such standards governing Related Party Transactions.

Definitions

A “**Related Party Transaction**” is any transaction, arrangement, or relationship, or any series of similar transactions, arrangements or relationships, directly or indirectly involving any Related Party requiring disclosure under Item 404 of Regulation S-K. Under Item 404, the Company is required to disclose any transaction occurring since the beginning of the registrant’s last fiscal year, or any currently proposed transaction, involving the Company where the amount involved will or may be expected to exceed \$120,000, and in which any related person had or will have a direct or indirect material interest. An indirect material interest may arise where a Related Party maintains a relationship (including, but not limited to, as an executive officer, a director, a partner, a member, or a significant shareholder) with a firm, corporation, or other entity that engages in a transaction with the Company. A Related Party Transaction also includes any material amendment or modification to an existing Related Party Transaction.

“Related Party” means any person who is or was (at any time since the beginning of the last fiscal year, even if such person does not presently serve in that role):

1. an executive officer, director, or nominee for director of the Company;
2. a person beneficially owning more than 5% of any class of the Company’s voting securities; or
3. an Immediate Family Member of any of the foregoing.

“Immediate Family Member” means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of an executive officer, director, or nominee for director and any person (other than a tenant or employee) sharing the household of such executive officer, director, or nominee for director.

Identification of Potential Related Party Transactions

Related Party Transactions will be brought to the Board’s attention in a number of ways. Each of our directors and executive officers is instructed and periodically reminded to inform the Board, the Committee and the Company’s Chief Legal Counsel of any potential Related Party Transactions. In addition, each such director and executive officer completes a questionnaire on an annual basis designed to elicit information about any potential Related Party Transactions.

Review and Approval of Related Party Transactions

Prior to entering into a Related Party Transaction, the Related Party (or if the Related Party is an Immediate Family Member of an executive officer or director of the Company, such executive officer or director) shall notify the Company’s General Counsel of the facts and circumstances of the proposed transaction. The General Counsel will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Committee, the General Counsel will report the Related Party Transaction, together with a summary of the material facts, to the Committee for its consideration.

The Committee shall review all of the relevant facts and circumstances of all Related Party Transactions that require the Committee’s approval and make a recommendation to the Board that it either approve or disapprove of the entry into the Related Party Transaction. In reviewing and determining whether to approve or ratify a Related Party Transaction, the Committee and the Board shall take into account the following, among other factors, as it deems appropriate:

- (i) whether the transaction was undertaken in the ordinary course of business of the Company,
- (ii) whether the Related Party Transaction was initiated by the Company, a subsidiary or the Related Party,

- (iii) whether the transaction with the Related Party is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party,
- (iv) the purpose of, and the potential benefits to the Company of, the Related Party Transaction,
- (v) the approximate dollar value of the amount involved in the Related Party Transaction, particularly as it relates to the Related Party,
- (vi) the Related Party's interest in the Related Party Transaction,
- (vii) whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director, and
- (viii) any other information regarding the Related Party Transaction or the Related Party that would be material to investors in light of the circumstances of the particular transaction.

The Committee and the Board shall review all relevant information available to them about the Related Party Transaction. The Committee may recommend an approval and the Board may approve the Related Party Transaction only if each determines in good faith that, under all of the circumstances, the transaction is in the best interests of the Company and its shareholders. The Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with the approval of the Related Party Transaction.

If a Related Party Transaction involves a Related Party who is a director or an Immediate Family Member of a director, such director may not participate in any discussion or vote regarding approval or ratification of approval of such transaction. However, such director shall provide all material information concerning the Related Party Transaction to the Committee.

If the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the Related Party Transaction shall be reviewed in accordance with the procedures set forth herein and, if the Committee, and ultimately the Board, determines it to be appropriate, ratified by the Board. In any case where the Board determines not to ratify a Related Party Transaction that has been commenced without approval, the Board may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

Ongoing Transactions

If a Related Party Transaction will be ongoing, the Committee may recommend to the Board guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to ensure that they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

EXHIBIT A-2

GAS NATURAL INC.

POLICY ON INSIDER TRADING

April 26, 2016

This Insider Trading Policy describes the standards of Gas Natural Inc. (the “**Company**”) on trading, and causing the trading of, the Company’s securities or securities of certain other publicly-traded companies while in possession of confidential information. This policy is divided into two parts: the first part prohibits trading in certain circumstances, outlines policies for restricting access to and disclosure of material nonpublic information, and applies to all directors, officers and employees of the Company and the second part imposes special additional trading restrictions and applies to all (i) directors of the Company, (ii) executive officers of the Company and its subsidiaries and (iii) any other employees of the Company and its subsidiaries designated by the Company’s board of directors (collectively, “**Covered Persons**”).

One of the principal purposes of the federal securities laws is to prohibit so-called “insider trading.” Simply stated, insider trading occurs when a person uses material non-public information obtained through involvement with the Company to make decisions to purchase, sell, give away or otherwise trade the Company’s securities or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is “material” and “non-public.” These terms are defined in this Policy under Part I, Section 3 below. The prohibitions would apply to any director, officer or employee who buys or sells Company stock on the basis of material non-public information that he or she obtained about the Company, its customers, suppliers, or other companies with which the Company has contractual relationships or may be negotiating transactions.

Penalties for trading on or communicating material non-public information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

PART I

1. Applicability

This Policy applies to all transactions in the Company’s securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds and convertible securities, as well as to derivative securities relating to any of the Company’s securities, whether or not issued by the Company.

This Policy applies to all employees of the Company and its subsidiaries, all officers of the Company and its subsidiaries and all members of the Company’s board of directors.

2. General Policy: No Trading or Causing Trading While in Possession of Material Non-public Information

(a) No director, officer or employee may purchase or sell any Company security, whether or not issued by the Company, while in possession of material non-public information about the Company. (The terms “material” and “non-public” are defined in Part I, Section 3(a) and (b) below.)

(b) No director, officer or employee who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.

(c) In addition, no director, officer or employee may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company. No director, officer or employee who knows of any such material non-public information may communicate that information to any other person, including family and friends.

(d) For compliance purposes, you should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with, and obtain the advance approval of, the Compliance Officer (which is defined in Part I, Section 3(c) below).

(e) Covered Persons must “pre-clear” all trading in securities of the Company in accordance with the procedures set forth in Part II, Section 3 below.

3. Definitions

(a) **Materiality.** Insider trading restrictions come into play only if the information you possess is “material.” Materiality, however, involves a relatively low threshold. Information is generally regarded as “material” if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information dealing with the following subjects is reasonably likely to be found material in particular situations:

- (i) financial results, financial forecast or goals, profits, earnings, etc.;
- (ii) significant changes in the Company’s prospects;
- (iii) significant write-downs in assets or increases in reserves;
- (iv) developments regarding significant litigation, government agency investigations, labor negotiations, contracts, or disputes;

- (v) liquidity problems;
- (vi) changes in earnings estimates or unusual gains or losses in major operations;
- (vii) major changes in management;
- (viii) changes in dividends;
- (ix) stock splits;
- (x) extraordinary borrowings;
- (xi) award or loss of a significant contract;
- (xii) changes in debt ratings, non-compliance with debt covenants, defaults on debt or contracts and write-offs;
- (xiii) proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets;
- (xiv) offerings of Company securities; and
- (xv) pending statistical reports (such as, consumer price index, money supply and retail figures, or interest rate developments).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, presume it is material. **If you are unsure whether information is material, you should consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.**

(b) **Non-public Information.** Insider trading prohibitions come into play only when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the third trading day after the information was publicly disclosed before you can treat the information as public.

Non-public information may include:

- (i) information available to a select group of analysts or brokers or institutional investors;
- (ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and
- (iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two trading days).

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Compliance Officer or assume that the information is “non-public” and treat it as confidential.

(c) **Compliance Officer.** The Company has appointed its Chief Legal Counsel as the Compliance Officer for this Policy. The duties of the Compliance Officer include, but are not limited to, the following:

- (i) assisting with implementation and enforcement of this Policy;
- (ii) circulating this Policy to all Covered Persons and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;
- (iii) maintaining written acknowledgements from Covered Persons that they have read this Policy;
- (iv) providing training sessions to Covered Persons regarding compliance with the Policy;
- (v) pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part II, Section 3 below; and
- (vi) providing approval of any Rule 10b5-1 plans under Part II, Section 1(c) below and any prohibited transactions under Part II, Section 4 below.

4. Violations of Insider Trading Laws

Penalties for trading on or communicating material non-public information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include prison terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a) **Legal Penalties.** A person who violates insider trading laws by engaging in transactions in a company’s securities when he or she has material non-public information can be

sentenced to a substantial prison term and required to pay a criminal penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material non-public information. Tipplers can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipper did not profit from the transaction.

The SEC can also seek substantial civil penalties from any person who, at the time of an insider trading violation, “directly or indirectly controlled the person who committed such violation,” which would apply to the Company and/or management and supervisory personnel. These control persons may be held liable for up to the greater of \$1 million or three times the amount of the profits gained or losses avoided. Even for violations that result in a small or no profit, the SEC can seek penalties from a company and/or its management and supervisory personnel as control persons.

(b) **Company-imposed Penalties.** Employees who violate this Policy may be subject to disciplinary action by the Company, including dismissal for cause. Any exceptions to the Policy, if permitted, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above requirements takes place.

5. Restricting Access to and Disclosure of Material Nonpublic Information

As a general rule, no director, officer, or employee shall disclose material nonpublic information to any person (including other Company employees) except as necessary in the course of their service or employment.

To prevent the unauthorized disclosure of material nonpublic information, the Company has instituted the following procedures, which shall be strictly adhered to by all directors, officers, and employees:

(a) Each department head or corporate officer shall ensure that material nonpublic information that is in the possession, or is the responsibility, of his or her department or office, is identified by labeling it “CONFIDENTIAL.” Access to material nonpublic information stored on computers should be restricted through log-in or password procedures that are disclosed to only a limited and defined group of people, as determined by the department head or corporate officer responsible for the information. Specific identification of the person seeking access should be included in the log-in or password procedures.

(b) Access to accounting, customer and other files, word processing, computer terminals and computer disks and tapes shall be restricted to those employees whose job descriptions require that they have access to such information. In no event shall a non-employee have direct access to such information, except as specifically authorized and controlled by the department head or corporate officer responsible for such information.

(c) Care should be used by anyone making copies of material nonpublic information to make sure that all pages of all copies are accounted for and no copies are left on the photocopy machine or in the photocopy room.

(d) Any inquiries from the press, securities analysts or other outsiders (which are not in the ordinary course of business) should be responded to only by designated corporate officers.

(e) Department heads and officers should consider using code names in place of actual names when referring to particularly sensitive business information or transactions.

(f) Access to accounting, customer and other files, word processing, computer terminals and computer disks and tapes shall be restricted to those employees whose job descriptions require that they have access to such information. In no event shall a non-employee have direct access to such information, except as specifically authorized and controlled by the department head or corporate officer responsible for such information.

(g) Caution should be exercised in speaking on the telephone about sensitive corporate matters to avoid being overheard. Sensitive matters should never be discussed over telephones.

(h) Superfluous drafts, spoiled photocopies and other unwanted materials should be immediately shredded (manually or mechanically), if possible, and discarded.

PART II

1. Blackout Periods

All Covered Persons are prohibited from trading in the Company's securities during blackout periods as defined below.

(a) **Quarterly Blackout Periods.** Trading in the Company's securities is prohibited during the period beginning at the close of the market on the date two weeks before the end of each fiscal quarter and ending at the close of business on the third trading day following the date the Company's financial results are publicly disclosed and Form 10-Q or Form 10-K is filed. During these periods, Covered Persons generally possess or are presumed to possess material non-public information about the Company's financial results.

(b) **Other Blackout Periods.** From time to time, other types of material non-public information regarding the Company (such as negotiation of mergers, acquisitions or dispositions or new product developments) may be pending and not be publicly disclosed. Covered Persons are prohibited from trading in the Company's securities while such material non-public information is pending,

(c) **Exception.** These trading restrictions do not apply to transactions under a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 (an "**Approved 10b5-1 Plan**") that:

- (i) has been reviewed and approved at least one month in advance of any trades thereunder by the Compliance Officer (or, if revised or amended, such revisions or amendments have been reviewed and approved by the

Compliance Officer at least one month in advance of any subsequent trades);

- (ii) was entered into in good faith by the Covered Person at a time when the Covered Person was not in possession of material non-public information about the Company; and
- (iii) gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material non-public information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

2. Trading Window

Covered Persons are permitted to trade in the Company's securities when no blackout period is in effect. Generally this means that Covered Persons can trade during the period beginning on the third trading day following the date the Company's financial results are publicly disclosed and Form 10-Q or Form 10-K is filed and ending on the close of the market on the date two weeks before the end of each fiscal quarter. However, even during this trading window, a Covered Person who is in possession of any material non-public information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part II, Section 1(b) above is imposed and will re-open the trading window once the special blackout period has ended.

3. Pre-clearance of Securities Transactions

(a) Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part II, Section 2 above, without first pre-clearing all transactions in the Company's securities.

(b) Subject to the exemption in subsection (d) below, no Covered Person may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge or loan of) any Company security at any time without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children and to transactions by entities over which such person exercises control.

(c) The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted. If the transaction does not occur during the two-day period, pre-clearance of the transaction must be re-requested.

(d) Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

4. Prohibited Transactions

(a) Directors and executive officers of the Company are prohibited from trading in the Company's equity securities during a blackout period imposed under an "individual account" retirement or pension plan of the Company, during which at least 50% of the plan participants are unable to purchase, sell or otherwise acquire or transfer an interest in equity securities of the Company, due to a temporary suspension of trading by the Company or the plan fiduciary.

(b) Covered Persons, including any person's spouse, other persons living in such person's household and minor children and entities over which such person exercises control, are prohibited from engaging in the following transactions in the Company's securities unless advance approval is obtained from the Compliance Officer:

- (i) Short-term trading. Covered Persons who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase;
- (ii) Short sales. Covered Persons may not sell the Company's securities short;
- (iii) Options trading. Covered Persons may not buy or sell puts or calls or other derivative securities on the Company's securities;
- (iv) Trading on margin. Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan; and
- (v) Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

5. Acknowledgment and Certification

All Covered Persons are required to sign the attached acknowledgment and certification.

**GAS NATURAL INC.
POLICY ON INSIDER TRADING
AS APPROVED BY THE BOARD OF DIRECTORS
ON APRIL 26, 2016**

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of non-public information.

(Signature)

(Please print name)

Date: _____

EXHIBIT B

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO**

IN RE GAS NATURAL INC.

Lead Case No. 1:13-cv-02805

Judge Christopher A. Boyko

This Document Relates To:

Magistrate Judge Jonathan D. Greenberg

ALL ACTIONS

**[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT
AND PROVIDING NOTICE**

WHEREAS, the above-captioned consolidated shareholder derivative action is pending before the Court (the "Consolidated Action");

WHEREAS, the Settling Parties have made an application for an order preliminarily approving the proposed Settlement of the Consolidated Action in accordance with the Stipulation of Settlement dated January 13, 2017 (the "Stipulation"), which together with the exhibits annexed thereto, sets forth the terms and conditions for the proposed Settlement of the Consolidated Action, for dismissal of the Consolidated Action with prejudice, and the release of Released Claims and Defendants' Released Claims;

WHEREAS, the Court having: (i) read and considered the Joint Motion for Preliminary Approval of Shareholder Settlement together with the accompanying Memorandum of Points and Authorities; and (ii) read and considered the Stipulation, as well as all the exhibits attached thereto, each of which is integral to and incorporated by reference into the Stipulation;

WHEREAS, the Court finds, upon a preliminary evaluation, that Current Gas Natural Shareholders should be apprised of the Settlement through the proposed form of notices contained in the Stipulation, allowed to file objections, if any, thereto, and appear at the Settlement Hearing; and

WHEREAS, except as otherwise expressly provided herein, all capitalized terms shall have the same meanings and/or definitions as set forth in the Stipulation.

NOW, THEREFORE, UPON GOOD CAUSE SHOWN, IT IS HEREBY ORDERED as follows:

1. The Court does hereby preliminarily approve the Settlement as set forth in the Stipulation dated January 13, 2017, subject to further consideration at the Settlement Hearing described below.

2. Pending the Court's determination as to final approval of the Settlement, Lead Counsel and Current Gas Natural Shareholders are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claim against any of the Released Persons.

3. The Settlement Hearing shall be held on _____ at _____, before the Honorable Magistrate Jonathan D. Greenberg, at the U.S. District Court, Northern District of Ohio, Carl B. Stokes U.S. Court House, 801 West Superior Avenue, Courtroom 10B, Cleveland, Ohio 44113, to determine whether: (i) the Settlement of the Consolidated Action upon the terms and subject to the conditions set forth in the Stipulation is fair, reasonable, and adequate and should be approved by the Court; (ii) the Consolidated Action should be dismissed with prejudice and the Judgment entered; and (iii) the Amount and Payment requests should be approved. The Court may adjourn and/or continue the Settlement Hearing without further notice to Current Gas Natural Shareholders.

4. The Court approves, as to form and content, the Summary Notice of Pendency and Proposed Settlement of Shareholder Derivative Action ("Summary Notice") and the Notice of Pendency and Proposed Settlement of Shareholder Derivative Action ("Notice") attached to the Stipulation as Exhibits C and D respectively, and finds that the provisions of the Summary Notice and Notice meet the requirements of Federal Rule of Civil Procedure 23.1 and due process, and provide the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto. Non-material changes to the form of the Summary Notice and Notice may be made without further approval of the Court.

5. Within ten calendar days after the entry of this order or an order substantially in the form of this order (the "Preliminary Approval Order"), Gas Natural shall cause a copy of the Summary Notice to be published once in *Investor's Business Daily*.

6. Within ten calendar days after entry of this Preliminary Approval Order (the "Notice Date"), Gas Natural shall cause the Notice to be filed with the U.S. Securities and Exchange Commission by a Current Report on Form 8-K.

7. Within ten calendar days after entry of this Preliminary Approval Order, Gas Natural and Robbins Arroyo LLP ("Robbins Arroyo") shall cause the Notice and Stipulation to be posted on each of their respective websites.

8. Gas Natural shall be responsible for all costs associated with publishing each form of notice.

9. At least seven calendar days prior to the Settlement Hearing, Gas Natural shall file with the Court proof, by affidavit or declaration, of the publishing of the Summary Notice and Notice in accordance with this Preliminary Approval Order. At least seven calendar days prior to the Settlement Hearing, Robbins Arroyo shall file with the Court proof, by affidavit or declaration, of the posting Notice and Stipulation in accordance with this Preliminary Approval Order.

10. At least twenty-one calendar days prior to the Settlement Hearing, the Parties will file all briefs in support of the Settlement and the separately negotiated attorneys' fees and expenses; and at least seven calendar days prior to the Settlement Hearing, any responses to shareholder objections, if any, shall be served and filed.

11. Any Current Gas Natural Shareholder may object and/or appear and show cause, if he, she, or it has any concern, why the Settlement of the Consolidated Action should not be

approved as fair, reasonable, and adequate, why the Judgment should not be entered thereon, or why the Amount and Payment requests should not be approved; provided, however, unless otherwise ordered by the Court, no Current Gas Natural Shareholder shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the Amount and Payment requests unless that shareholder has, at least fourteen calendar days prior to the Settlement Hearing: (1) filed with the Clerk of the Court a written notice of objection to the Settlement setting forth: (a) the nature of the objection, along with the shareholder's name, address, and telephone number; (b) proof of ownership of Gas Natural common stock as of the Notice Date through the date of the Settlement Hearing, including the number of shares of Gas Natural common stock and the date of purchase; (c) a statement of the shareholder's objections to any matters before the Court, the grounds therefor or the reasons for the shareholder desiring to appear and be heard, as well as all documents or writings the shareholder desires the Court to consider; and (2) if any Current Gas Natural Shareholder intends to appear and requests to be heard at the Settlement Hearing, such shareholder must have, in addition to the requirements of (1) above, filed with the Clerk of the Court: (a) a written notice of such shareholder's intention to appear; (b) a statement that indicates the basis for such appearance; and (c) the identities of any witnesses the shareholder intends to call at the Settlement Hearing and a statement of the subjects of their testimony.

12. If any Current Gas Natural Shareholder files a written objection and/or written notice of intent to appear, such shareholder must also simultaneously serve copies of such notice, proof, statement, and documentation, together with copies of any other papers or briefs such shareholder files with the Court (by hand delivery, by first class mail, or by overnight delivery)

upon Lead Counsel and Defendants' Counsel. The addresses for filing objections with the Court and service on counsel are as follows:

The Court:

Clerk of the Court
U.S. District Court
Northern District of Ohio
Carl B. Stokes U.S. Court House
801 West Superior Avenue
Cleveland, Ohio 44113

Lead Counsel for Plaintiffs:

ROBBINS ARROYO LLP
Attn: George C. Aguilar, Esq.
600 B Street, Suite 1900
San Diego, CA 92101

Counsel for Defendants Ian Abrams, Wilbur, Argo, Wade Brooksby, Steven Calabrese, Nicholas Fedeli, Mark Grossi, John Male, James Smail, James Sprague, and Michael Victor, and Nominal Defendant Gas Natural, Inc.:

KOHRMAN JACKSON &
KRANTZ PLL
Attn: Brett S. Krantz, Esq.
1375 East Ninth Street
Cleveland, Ohio 44114

HOGAN LOVELLS US LLP
Attn: Mark D. Gately, Esq.
100 International Drive, Suite 2000
Baltimore, Maryland 21202

Counsel for Defendants Kevin Degenstein, Gregory Osborne, and Thomas Smith:

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF, LLP
Attn: H. Alan Rothenbuecher, Esq.
Fifth Third Bank Center
200 Public Square, Suite 2300
Cleveland, Ohio 44114

KING & SPALDING LLP
Attn: M. Robert Thornton, Esq.
1180 Peachtree Street, NE
Atlanta, Georgia 30309

Counsel for Defendant Richard M. Osborne:

GREENBERG TRAUERIG, LLP
Attn: Miriam G. Bahcall, Esq.
77 West Wacker Drive, Suite 3100
Chicago, Illinois 60601

WULIGER & WULIGER
Attn: William T. Wuliger, Esq.
2003 St. Clair Avenue
Cleveland, Ohio 44114

Each respective counsel shall promptly furnish each other counsel with copies of any and all objections that come into their possession.

13. Unless the Court otherwise directs, no Current Gas Natural Shareholder shall be entitled to object to the approval of the Settlement, to the Amount and Payment requests, or to otherwise be heard, except by serving and filing a written objection and supporting papers and documents as prescribed above. Any Current Gas Natural Shareholder who does not make his, her, or its objection in the manner and within the time prescribed above shall be deemed to have waived the right to object (including the right to appeal) and shall forever be barred, in this proceeding or in any other proceeding, from raising such objection(s).

14. All Current Gas Natural Shareholders (and their successors, predecessors, and assigns) shall be bound by all determinations and judgments in the Consolidated Action concerning the Settlement, whether favorable or unfavorable to Current Gas Natural Shareholders.

15. If Court approval of the Settlement does not occur for any reason, the Settlement and the Stipulation shall be null and void and of no force and effect. In such event, the Settling Parties shall return to their respective litigation positions in the Consolidated Action as of the time immediately prior to the date of the execution of the Stipulation, as though it were never executed or agreed to, and the Stipulation shall not be deemed to prejudice in any way the positions of the Settling Parties with respect to the Consolidated Action, or to constitute an admission of fact by any Settling Party, shall not entitle any Settling Party to recover any costs or expenses incurred in connection with the implementation of the Stipulation or the Settlement, and neither the existence of the Stipulation nor its contents shall be admissible in evidence or be referred to for any purposes in the Consolidated Action, or in any litigation or judicial proceeding, other than to enforce the terms therein.

16. All proceedings in the Consolidated Action, except for those proceedings related to the Settlement, shall be stayed until the resolution of all such settlement-related proceedings.

IT IS SO ORDERED.

DATED: _____
THE HONORABLE JONATHAN D. GREENBERG

EXHIBIT C

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO**

IN RE GAS NATURAL INC.

Lead Case No. 1:13-cv-02805

Judge Christopher A. Boyko

This Document Relates To:

Magistrate Judge Jonathan D. Greenberg

ALL ACTIONS

**SUMMARY NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
CONSOLIDATED SHAREHOLDER DERIVATIVE ACTION**

TO: ALL OWNERS OF GAS NATURAL INC. ("GAS NATURAL") COMMON STOCK AS OF JANUARY 13, 2016:

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the U.S. District Court, Northern District of Ohio (the "Court"), that the Parties to the above captioned action (the "Consolidated Action") have reached an agreement to settle the shareholder derivative claims brought on behalf and for the benefit of Gas Natural (also referred to herein as the "Company"). If you are a Gas Natural shareholder, your rights to pursue certain derivative claims on behalf of Gas Natural may be affected by this Settlement. This notice is not intended to be an expression of any opinion by the Court with respect to the merits of the claims made in the Consolidated Action, but is merely to advise you of the pendency and proposed Settlement of the Consolidated Action.

PLEASE BE FURTHER ADVISED that pursuant to an Order of the Court, a Settlement Hearing shall be held on _____ at _____, before the Honorable Jonathan Greenberg, at the U.S. District Court, Northern District of Ohio, Carl B. Stokes U.S. Court House, 801 West Superior Avenue, Courtroom 10B, Cleveland, Ohio 44113. At the Settlement Hearing, the Court will consider whether to grant final approval of the Settlement, the amount of attorneys' fees and expenses to be paid to Lead Counsel (the "Amount"), and a payment of \$5,000 each to Plaintiffs Durgerian and Ferrigno (the "Payment") in recognition of Plaintiffs Durgerian's and Ferrigno's participation and efforts in the prosecution of the Consolidated Action (the Payment, if approved, will be paid solely from the Amount and from no other source). The Court may adjourn the Settlement Hearing without further notice to Gas Natural shareholders.

A detailed Notice of Pendency and Proposed Settlement of Shareholder Derivative Action ("Notice"), describing the Consolidated Action, the proposed Settlement, and the rights of Gas Natural shareholders with regard to the Settlement, has been filed with the Court and is

available for viewing on the websites of Robbins Arroyo LLP at <http://www.robbinsarroyo.com/notices.html> and Gas Natural at <http://www.investor.egas.net>.

You have the right, but are not required, to appear in person or through counsel at the Settlement Hearing to object to the terms of the proposed Settlement, including the Amount and Payment requests, or otherwise present evidence or argument that may be proper and relevant. However, you shall not be heard, and no papers, briefs, or other documents by you shall be received and considered by the Court (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), unless not later than fourteen calendar days prior to the Settlement Hearing, you file with the Court: (1) a written notice of objection to the Settlement setting forth: (a) the nature of the objection, along with your name, address, and telephone number; (b) proof of ownership that you held shares of Gas Natural common stock as of January 13, 2017 and that you continue to hold shares of Gas Natural common stock through the date of the Settlement Hearing, including the number of shares of Gas Natural common stock and the date of purchase; and (c) a statement of your objections to any matters before the Court, the grounds therefor or the reasons for your desiring to appear and be heard, as well as all documents or writings you desire the Court to consider; (2) if you intend to appear and request to be heard at the Settlement Hearing, you must have, in addition to the requirements of (1) above, filed with the Clerk of the Court: (a) a written notice of your intention to appear; (b) a statement that indicates the basis for such appearance; and (c) the identities of any witnesses you intend to call at the Settlement Hearing and a statement of the subjects of their testimony.

In addition, on or before the date of such filing, you must also serve the same documents via hand delivery, first class mail, or overnight delivery upon Lead Counsel, counsel for

Defendants, and counsel for Gas Natural. The addresses for filing objections with the Court and service on counsel are as follows:

The Court:

Clerk of the Court
U.S. District Court
Northern District of Ohio
Carl B. Stokes U.S. Court House
801 West Superior Avenue
Cleveland, Ohio 44113

Lead Counsel for Plaintiffs:

ROBBINS ARROYO LLP
Attn: George C. Aguilar, Esq.
600 B Street, Suite 1900
San Diego, CA 92101

Counsel for Defendants Ian Abrams, Wilbur, Argo, Wade Brooksby, Steven Calabrese, Nicholas Fedeli, Mark Grossi, John Male, James Smail, James Sprague, and Michael Victor, and Nominal Defendant Gas Natural, Inc.:

KOHRMAN JACKSON &
KRANTZ PLL
Attn: Brett S. Krantz, Esq.
1375 East Ninth Street
Cleveland, Ohio 44114

HOGAN LOVELLS US LLP
Attn: Mark D. Gately, Esq.
100 International Drive, Suite 2000
Baltimore, Maryland 21202

Counsel for Defendants Kevin Degenstein, Gregory Osborne, and Thomas Smith:

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF, LLP
Attn: H. Alan Rothenbuecher, Esq.
Fifth Third Bank Center
200 Public Square, Suite 2300
Cleveland, Ohio 44114

KING & SPALDING LLP
Attn: M. Robert Thornton, Esq.
1180 Peachtree Street, NE
Atlanta, Georgia 30309

Attorneys for Defendant Richard M. Osborne:

GREENBERG TRAUERIG, LLP
Attn: Miriam G. Bahcall, Esq.
77 West Wacker Drive, Suite 3100
Chicago, Illinois 60601

WULIGER & WULIGER
Attn: William T. Wuliger, Esq.
2003 St. Clair Avenue
Cleveland, Ohio 44114

Unless the Court otherwise directs, you shall not be entitled to object to the approval of the Settlement, to the Amount and Payment requests, or to otherwise be heard, except by serving and filing a written objection and supporting papers and documents as prescribed above. If you fail to object in the manner and within the time prescribed above you shall be deemed to have waived your right to object (including the right to appeal) and shall forever be barred, in this proceeding or in any other proceeding, from raising such objection(s).

**PLEASE DO NOT TELEPHONE THE COURT,
GAS NATURAL, OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE**

1141954

EXHIBIT D

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO**

IN RE GAS NATURAL INC.

Lead Case No. 1:13-cv-02805

Judge Christopher A. Boyko

This Document Relates To:

Magistrate Judge Jonathan D. Greenberg

ALL ACTIONS

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT
OF SHAREHOLDER DERIVATIVE ACTION**

TO: ALL OWNERS OF GAS NATURAL INC. ("GAS NATURAL" OR THE "COMPANY") COMMON STOCK AS OF JANUARY 13, 2017:

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THE ABOVE-CAPTIONED ACTION (THE "CONSOLIDATED ACTION"). THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF SHAREHOLDER DERIVATIVE LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS.

IF THE COURT APPROVES THE SETTLEMENT AND DISMISSAL OF THE ACTION, SHAREHOLDERS OF GAS NATURAL WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE SETTLED CLAIMS. THIS ACTION IS NOT A "CLASS ACTION." THUS, THERE IS NO COMMON FUND UPON WHICH YOU CAN MAKE A CLAIM FOR A MONETARY PAYMENT.

THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY COUNSEL FOR THE PARTIES.

IF YOU WERE NOT THE BENEFICIAL OWNER OF GAS NATURAL COMMON STOCK ON JANUARY 13, 2017, PLEASE TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.

YOU ARE HEREBY NOTIFIED, pursuant to Federal Rule of Civil Procedure 23.1 and an Order of the U.S. District Court, Northern District of Ohio (the "Court"), that a proposed settlement (the "Settlement") has been reached between the parties to the above-captioned consolidated shareholder derivative action brought on behalf of Gas Natural.

As explained below, the Court will hold a hearing on _____ at _____, before the Honorable Jonthan D. Greenberg, at the U.S. District Court, Northern District of Ohio, Carl B. Stokes U.S. Court House, 801 West Superior Avenue, Courtroom 10B, Cleveland, Ohio 44113, to determine whether to approve the Settlement (the "Settlement Hearing"). You have a right and an opportunity to be heard at this hearing, and to object to the Settlement in the manner provided below in this Notice.

The terms of the Settlement are set forth in a Stipulation of Settlement dated January 13, 2017 (the "Stipulation"). The Settlement provides for new corporate governance measures that

include, but are not limited to, initiation and/or formalization of certain management and corporate governance structural elements; the departure of several of the Individual Defendants from the management and/or Board of Directors of the Company (the "Board"); securing the agreement of defendant Richard Osborne ("R. Osborne"), the Company's former CEO, not to seek to advise, control, or influence the management Board, or policies of the Company, or to seek to become a director any sooner than 2022; greater audit committee involvement; greater director independence standards; formal separation of chairman and CEO; Board process improvements; limits for directors' service on other companies' boards; improvements to the company's insider trading policy; increased shareholder interaction on executive compensation; the retention of an independent corporate governance consultant that will evaluate any potential corporate governance weaknesses at the company and how to address them; enhanced internal audit procedures; additional audit committee policies and procedures; an enhanced legal and ethics compliance program; a compensation recovery (clawback) policy; and director training, education, and assessment. In addition, the Settlement recognizes that the Consolidated Action was a material factor in the implementation of a number of other corporate governance changes at the Company that have provided a substantial benefit. For example, the departure of several of the Individual Defendants from the management and/or Board of the Company, the retention of additional independent directors, and improved policies and processes for related party transactions. If approved by the Court, the Settlement will fully resolve the Consolidated Action on the terms set forth in the Stipulation and summarized in this Notice, including the dismissal of the Consolidated Action with prejudice. For a more detailed statement of the matters involved in the Consolidated Action, the Settlement, and the terms discussed in this Notice, the Stipulation may be inspected at the Clerk of Court's office at the U.S. District Court, Northern District of

Ohio, Carl B. Stokes U.S. Court House, 801 West Superior Avenue, Cleveland, Ohio 44113. The Stipulation is also available for viewing on the websites of Robbins Arroyo LLP at <http://www.robbinsarroyo.com/notices.html> and Gas Natural at <http://www.investor.egas.net>.

This notice is not intended to be and should not be construed as an expression of any opinion by the Court with respect to the merits of the claims made in the Consolidated Action, but is merely to advise you of the pendency of Settlement of the Consolidated Action and your rights as a Gas Natural shareholder.

There Is No Claims Procedure. This case was brought to protect the interests of Gas Natural and its shareholders. The Settlement will result in certain commitments and changes regarding the Company's corporate governance, and not in any payment to individuals. Accordingly, there will be no claims procedure.

I. THE CONSOLIDATED ACTION

The Consolidated Action is brought by plaintiffs John Durgerian ("Durgerian") and Joseph Ferrigno ("Ferrigno") solely on behalf of and for the benefit of Gas Natural and against certain current and former directors and officers of the Company: Ian Abrams, Wilbur E. Argo, Wade F. Brooksby, Kevin Degenstein, Nicholas U. Fedeli, John R. Male, Gregory Osborne, R. Osborne, John R. Smail, Thomas Smith, James E. Sprague, and Michael T. Victor (the "Individual Defendants"). Plaintiffs Durgerian and Ferrigno brought the Action on behalf of Gas Natural to remedy alleged violations of sections 14(A) of the Securities Exchange Act of 1934, breach of fiduciary duty, waste of corporate assets, and unjust enrichment. The operative complaint filed by plaintiffs Durgerian and Ferrigno on March 24, 2014 (the "Complaint") centers around allegations that Gas Natural's officers and directors breached their fiduciary duties to the Company due to their failure to institute appropriate internal controls and due to the alleged self-dealing of defendant R. Osborne. The Complaint alleges that the insufficient

internal controls and self-dealing were revealed in part by several investigations made by the Public Utilities Commission of Ohio ("PUCO"). The self-dealing alleged in the Complaint sets forth that defendant R. Osborne, Gas Natural's former CEO, allegedly caused the company to engage in related party transactions with companies he owned and controlled, while the other Individual Defendants allowed it to happen. The Complaint also alleges breaches of fiduciary duty and disclosure violations in connection with the company's acquisition of related party John D. Oil and Gas Marketing ("JDOG"). The allegations related to the JDOG transaction include that certain Individual Defendants purportedly made false statements in connection with the Company's proxy statements filed with the SEC relating to the acquisition of JDOG. Finally, the Complaint includes allegations that certain Individual Defendants engaged in improper insider sales of Gas Natural stock. The Individual Defendants deny all allegations of wrongdoing.

Defendants filed a motion to dismiss the Complaint, which Lead Counsel opposed. The Magistrate Judge issued a Report and Recommendation stating that Defendants' motion should be denied in its entirety with the sole exception being that the cause of action for unjust enrichment should be dismissed. The recommendation also rejected Defendants' alternative request for a stay of the proceedings. The District Court adopted the Magistrate Judge's recommendation in full. Discovery has been ongoing in the Consolidated Action, and the parties have produced tens of thousands of documents. Following settlement discussions and two full-day mediations with an experienced mediator who is also a retired federal judge, the parties reached an agreement, as set forth herein.

II. TERMS OF THE SETTLEMENT

The terms and conditions of the proposed Settlement are set forth in the Stipulation described above. The Stipulation has been filed with the Court and is also available for viewing

on the websites of Robbins Arroyo LLP at <http://www.robbinsarroyo.com/notices.html> and Gas Natural at <http://www.investor.egas.net>. The following is only a summary of its terms.

In consideration for the Settlement, Gas Natural made commitments regarding certain corporate governance measures ("Measures") that have been or will be adopted that have been designed to address the issues alleged in the Complaint. Gas Natural acknowledges that the Measures provide substantial benefits to the Company, by, among other things, strengthening Gas Natural's management team, internal controls and Board oversight, and that the institution and prosecution of the Consolidated Action was a substantial contributing cause of the Company's decision to implement or maintain these Measures in place for five years. Plaintiffs and Gas Natural further acknowledge and agree that the Measures confer substantial benefits upon Gas Natural by, among other things, strengthening Gas Natural's internal controls and board oversight in the areas addressed in the Complaint.

The Measures provide the following benefits, among others, as detailed fully in the Stipulation:

- Remove or accept the resignations of several of the Individual Defendants;
- Secured the agreement of defendant R. Osborne not to seek to advise, control, or influence the management, the Board, or policies of the Company or any of its subsidiaries, or to seek to become a director of the Company, until no sooner than 2022;
- Improve processes of the Board, including its committees;
- Provide for greater director independence standards;
- Add new, independent leadership to the Board;
- Provide for an Independent Corporate Governance Policy evaluation and assessment;
- Strengthen the Company's insider trading policies;

- Provide a compensation recovery plan for recovering compensation paid to faithless fiduciaries with regard to matters arising after the date of the Stipulation (a "Clawback" arrangement);
- Enhance and expand upon Gas Natural's Ethical Compliance and Whistleblower Policies;
- Provide additional support and resources for Gas Natural's outsourced Internal Audit function; and
- Provide directors with enhanced education and training to better equip them to serve Gas Natural.

III. DISMISSAL AND RELEASES

The Settlement is conditioned, among other things, upon entry of an order by the Court approving the Settlement and dismissing the Consolidated Action with prejudice. The Settlement will not become effective until such dismissal has been entered and has become final and non-appealable (the "Effective Date"). Upon the Effective Date, plaintiffs Durgerian and Ferrigno and Current Gas Natural Shareholders, on behalf of Gas Natural, and Gas Natural, shall be deemed to have (and by operation of a final judgment in the Consolidated Action shall have) fully, finally, and forever settled, released, extinguished, waived, discharged, and dismissed with prejudice any and all Released Claims¹ against the Released Parties,² and shall forever be barred

¹ "Released Claims" means and includes any and all claims, rights, causes of action, and potential or actual liabilities, whether based on United States federal, state, or local statutory or common law or any other law, rule, or regulation, including both known claims and Unknown Claims, by, in favor of, or for the benefit of Gas Natural, derivatively on its behalf or by any Person standing or purporting to stand in its shoes, against any of the Released Parties (i) that concern, are based on, arise out of or in any way relate to the allegations, transactions, facts, matters, events, disclosures, non-disclosures, statements, occurrences, representations, acts or omissions or failures to act that have been or could have been alleged in the Action, (ii) that would have been barred by res judicata had the Action been fully litigated to a final judgment, or (iii) that concern, are based on, arise out of or in any way relate to the Action or the Settlement; provided, however, that the Released Claims shall not include claims to enforce the Settlement contemplated by this Stipulation, or claims that have been made in an action styled as *Masters v. Bender et. al*, Case No. cv-16-871400 (Nov. 3, 2016 Cuyahoga Cty., Ohio), a verified derivative and class action complaint filed on November 3, 2016, in the Cuyahoga County Common Pleas

and enjoined from initiating, instituting, commencing, maintaining, or prosecuting any and all Released Claims against any Released Parties.

Upon the Effective Date, the Individual Defendants and each of the other Released Parties, on behalf of themselves, their heirs, executors, administrators, insurers, predecessors, successors, and assigns, shall be deemed to have (and by operation of a final judgment in the Action shall have) fully, finally, and forever settled, released, extinguished, waived, discharged, and dismissed with prejudice any and all Defendants' Released Claims³ against plaintiffs Durgerian and Ferrigno and Lead Counsel, and shall forever be barred and enjoined from initiating, instituting, commencing, maintaining or prosecuting any and all Defendants' Released Claims, against plaintiffs Durgerian and Ferrigno, Lead Counsel, and Gas Natural.

The parties will seek entry of the Judgment by the Court, dismissing the Consolidated Action with prejudice and barring any claims that have been or might have been brought in any

Court against members of Gas Natural's board of directors, certain current and former officers of the company, Gas Natural's largest shareholder, and the entities purchasing Gas Natural in the Acquisition announced on October 8, 2016 (the "*Masters* Litigation").

² "Released Parties" means collectively, Gas Natural, each of the Individual Defendants and each of the Defendants' past or present subsidiaries, parents, successors and predecessors, insurers, officers, directors, agents, employees, attorneys, advisors, investment advisors, auditors, accountants, and any firm, trust, corporation, officer, director, or other individual or entity in which any Individual Defendant or Gas Natural has a controlling interest, and the legal representatives, spouses, heirs, successors in interest, or assigns of any Individual Defendant.

³ "Defendants' Released Claims" means means any and all claims, debts, rights, or causes of action or liabilities, including Unknown Claims, that could be asserted in any forum by the Released Parties against plaintiffs Durgerian and Ferrigno, Lead Counsel, or Gas Natural, which arise solely out of the manner in which the Consolidated Action was instituted, litigated, or settled, provided, however, that the Defendants Released Claims shall not include claims to enforce the Settlement contemplated by this Stipulation or the Stipulation itself, or claims that have been made in the *Masters* litigation.

court or forum by Gas Natural, or any Current Gas Natural shareholder on Gas Natural's behalf, relating to or arising out of allegations in the Consolidated Action.

IV. PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT

Plaintiffs Durgerian and Ferrigno and Lead Counsel believe the Consolidated Action has substantial merit. Nonetheless, plaintiffs Durgerian and Ferrigno and Lead Counsel recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Consolidated Action against the Individual Defendants through trial, potential appeals, and/or collection efforts. Litigation risk is particularly acute here given Lead Counsel's assessment that it would be difficult to collect from certain Individual Defendants, in particular defendant R. Osborne, Gas Natural's former CEO, who has substantial debt and potential liability stemming from other pending litigation. Additionally, the appellate process would delay any possible relief for potentially years. A settlement of the Consolidated Action now under these terms also puts Gas Natural in a better position to have the Acquisition approved, providing a measurable and significant benefit to shareholders. Plaintiffs Durgerian and Ferrigno and Lead Counsel believe that a Settlement at this time eliminates substantial litigation risks and expense inherent in complex litigation (including the real risk of no recovery on the claims alleged), while ensuring that the Company and its shareholders immediately receive the substantial benefits of the corporate governance measures making up the substance of the Settlement. Lead Counsel also are mindful of the inherent problems of proof and possible defenses to the claims alleged in such actions. Lead Counsel conducted a thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, and associated litigation risks inherent in derivative actions generally, as well as this Consolidated Action specifically, and

believe that the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Gas Natural and its shareholders.

Lead Counsel conducted an extensive investigation relating to the claims and the underlying events alleged in the Consolidated Action, including, but not limited to: (1) inspecting, analyzing, and reviewing Gas Natural's public filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, announcements, transcripts of investor conference calls, and news articles; (2) analyzing and reviewing the numerous reports, findings, recommendations, documents, filings and orders released by regulatory authorities concerning review and investigation of Gas Natural's activities as reported in the Complaint; (3) researching the applicable law with respect to the claims asserted in the Consolidated Action and the potential defenses thereto; (4) drafting and filing the respective complaints in the Consolidated Action; (5) researching and analyzing Gas Natural's internal controls and corporate governance best practices; (6) engaging in substantial discovery efforts, including the search, review, and drafting of numerous requests for the production of documents from the Company and the Individual Defendants, and subpoenas for third parties PUCO and Rehmann Investigative Services, which was engaged by PUCO to provide a management audit of Gas Natural; (7) conducting multiple meet and confer sessions with defense counsel and counsel for third parties regarding the availability of documents; (8) the negotiation of search terms for production; (9) filing letter briefing for the Court regarding discovery disputes; (10) hearings before the Court regarding disputes over the relevant time period for production of documents, and the timing of the Company's document production and production of a privilege log resulting in three extensions of the Company's deadline to produce documents; (11) strategically searching, reviewing and analyzing tens of thousands of non-public documents produced by Defendants;

(12) the 30(b)(6) deposition of Gas Natural corporate designee James Sprague; (13) pursuing litigation regarding the scheduling of remaining discovery and for the setting of a trial date, and a proposed stay of the Consolidated Action; (14) retaining experts for the review of discovery, for consultation regarding the seeking of additional discovery, and for use as expert witnesses in the litigation; (15) preparing and submitting detailed confidential settlement demands with proposed corporate governance reforms; (16) preparing and submitting detailed confidential mediation statements in connection with the mediations; (17) participating in the two separate mediations and continuing negotiations with the mediator and counsel for the Defendants; and (18) engaging in confirmatory discovery consisting of review of the documents already produced by Defendants, and in-person interviews at Gas Natural's offices with Greg Osborne and Gas Natural's former General Counsel.

Based upon the above knowledge, experience and evaluation by Lead Counsel, plaintiffs Durgerian and Ferrigno and Lead Counsel have determined that the Settlement is in the best interests of Gas Natural and have agreed to settle the Consolidated Action upon the terms and subject to the conditions set forth herein.

V. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Individual Defendants have denied and continue to deny they have committed, threatened, or attempted to commit, any violations of law, or breached any duty owed to Gas Natural or its shareholders. Without admitting the validity of any allegations made in the Consolidated Action, or any liability with respect thereto, the Individual Defendants have concluded that it is desirable that the claims against them be settled on the terms reflected in the Stipulation. The Individual Defendants and Gas Natural are entering into this Settlement solely because it will eliminate the uncertainty, distraction, disruption, burden, risk, and expense of

further litigation. Further, Gas Natural acknowledges that the Settlement is fair, reasonable, adequate, and in the best interests of Gas Natural.

Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against the Defendants of any fault, wrongdoing, or concession of liability whatsoever.

VI. PLAINTIFFS' ATTORNEYS' FEES AND EXPENSES

After negotiating the substantive terms of the Settlement, and in recognition of the substantial benefits conferred on Gas Natural through the Settlement, the settling parties reached an agreement as to a fair and reasonable sum to be paid for Lead Counsel's attorneys' fees and expenses. Subject to Court approval, the Board of Gas Natural authorized Gas Natural to pay or cause its insurers to pay \$3,200,000 to Lead Counsel for their attorneys' fees and unreimbursed expenses (the "Amount"). Further, Lead Counsel will request that the Court approve the sum of \$5,000 each to Plaintiffs Durgerian and Ferrigno (the "Payment") in recognition of Plaintiffs Durgerian's and Ferrigno's participation and efforts in the prosecution of the Consolidated Action. The Payment, if approved, will be paid solely from the Amount and from no other source. Lead Counsel shall request approval by the Court of the Amount and Payment at the Settlement Hearing. To date, Lead Counsel have neither received any payment for their services in conducting the Consolidated Action, nor have Lead Counsel been reimbursed for their out-of-pocket litigation expenses incurred.

VII. THE SETTLEMENT HEARING AND YOUR RIGHT TO BE HEARD

The Settlement Hearing will be held before the Honorable Jonathan D. Greenberg of the Court on _____ at _____ at the U.S. District Court, Northern District of Ohio, Carl B. Stokes U.S. Court House, 801 West Superior Avenue, Department 10B, Cleveland, Ohio 44113. The Settlement Hearing may be continued by the Court at the Settlement Hearing, or at any adjourned session thereof without further notice.

At the Settlement Hearing, the Court will consider whether to grant final approval to the Settlement and the Amount and Payment requests. You have the right and opportunity, but are not required, to appear in person or through counsel at the Settlement Hearing to object to the terms of the proposed Settlement, including the Amount and Payment requests, or otherwise to present evidence or argument that may be proper and relevant. However, you shall not be heard, and no papers, briefs, or other documents by you shall be received and considered by the Court (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), unless not later than fourteen calendar days prior to the Settlement Hearing, you file with the Court:

- (1) a written notice of objection to the Settlement setting forth:
 - (a) the nature of the objection, along with your name, address, and telephone number;
 - (b) proof of ownership that you held shares of Gas Natural common stock as of January 13, 2017, and that you continue to hold shares of Gas Natural common stock through the date of the Settlement Hearing, including the number of shares of Gas Natural common stock and the date of purchase;
 - and

(c) a statement of your objections to any matters before the Court, the grounds therefor or the reasons for your desiring to appear and be heard, as well as all documents or writings you desire the Court to consider;

(2) if you intend to appear and request to be heard at the Settlement Hearing, you must have, in addition to the requirements of (1) above, filed with the Clerk of the Court:

- (a) a written notice of such your intention to appear;
- (b) a statement that indicates the basis for such appearance; and
- (c) the identities of any witnesses you intend to call at the Settlement Hearing and a statement of the subjects of their testimony.

In addition, on or before the date of such filing, *you must also serve the same documents via hand delivery, first class mail or overnight delivery upon Lead Counsel and Defendants' Counsel. The addresses for filing objections with the Court and service on counsel are as follows:*

The Court:

Clerk of the Court
U.S. District Court
Northern District of Ohio
Carl B. Stokes U.S. Court House
801 West Superior Avenue
Cleveland, Ohio 44113

Lead Counsel for Plaintiffs:

ROBBINS ARROYO LLP
Attn: George C. Aguilar, Esq.
600 B Street, Suite 1900
San Diego, CA 92101

Counsel for Defendants Ian Abrams, Wilbur, Argo, Wade Brooksby, Steven Calabrese, Nicholas Fedeli, Mark Grossi, John Male, James Smail, James Sprague, and Michael Victor, and Nominal Defendant Gas Natural, Inc.:

KOHRMAN JACKSON &
KRANTZ PLL
Attn: Brett S. Krantz, Esq.
1375 East Ninth Street
Cleveland, Ohio 44114

HOGAN LOVELLS US LLP
Attn: Mark D. Gately, Esq.
100 International Drive, Suite 2000
Baltimore, Maryland 21202

Counsel for Defendants Kevin Degenstein, Gregory Osborne, and Thomas Smith:

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF, LLP
Attn: H. Alan Rothenbuecher, Esq.
Fifth Third Bank Center
200 Public Square, Suite 2300
Cleveland, Ohio 44114

KING & SPALDING LLP
Attn: M. Robert Thornton, Esq.
1180 Peachtree Street, NE
Atlanta, Georgia 30309

Attorneys for Defendant Richard M. Osborne:

GREENBERG TRAUERIG, LLP
Attn: Miriam G. Bahcall, Esq.
77 West Wacker Drive, Suite 3100
Chicago, Illinois 60601

WULIGER & WULIGER
Attn: William T. Wuliger, Esq.
2003 St. Clair Avenue
Cleveland, Ohio 44114

Unless the Court otherwise directs, you shall not be entitled to object to the approval of the Settlement, to the Amount and Payment requests, or otherwise to be heard, except by serving and filing a written objection and supporting papers and documents as prescribed above. ***If you fail to object in the manner and within the time prescribed above you shall be deemed to have waived your right to object (including the right to appeal) and shall forever be barred, in this proceeding or in any other proceeding, from raising such objection(s).***

VIII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation, which requires, among other things: (i) approval of the Settlement; (ii) dismissal of the Consolidated Action with prejudice; (iii) payment of the Amount and Payment requests as approved by the Court; and (iv) expiration of the time to appeal from, or alter or amend, the Judgment. If, for any reason, any one of the conditions described in the Stipulation is not met and the entry of the Judgment does not occur, the Stipulation might be terminated and, if terminated, will become null and void; and the parties to the Stipulation will be restored to their respective positions as of the execution date of the Stipulation.

IX. EXAMINATION OF PAPERS AND INQUIRIES

There is additional information concerning the Settlement available in the Stipulation, which may be inspected during business hours at the office of the Clerk of the Court, U.S. District Court, Northern District of Ohio, Carl B. Stokes U.S. Court House, 801 West Superior Avenue, Cleveland, Ohio 44113, and viewed on the websites of Robbins Arroyo LLP at <http://www.robbinsarroyo.com/notices.html> and Gas Natural at <http://www.investor.egas.net>.

For more information concerning the Settlement, you may also call or write to: Robbins Arroyo LLP, c/o Darnell D. Donahue, Client Relations, 600 B Street, Suite 1900, San Diego, CA 92101, Telephone: (619) 525-3990.

**PLEASE DO NOT TELEPHONE THE COURT,
GAS NATURAL, OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.**

EXHIBIT E

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO**

IN RE GAS NATURAL INC.

Lead Case No. 1:13-cv-02805

Judge Christopher A. Boyko

This Document Relates To:

Magistrate Judge Jonathan D. Greenberg

ALL ACTIONS

**[PROPOSED] FINAL ORDER OF DISMISSAL
WITH PREJUDICE AND JUDGMENT**

This matter came before the Court for hearing pursuant to the Order of this Court, dated _____, 2017 ("Preliminary Approval Order"), on the application of the Parties for approval of the Settlement set forth in the Stipulation of Settlement dated January 13, 2017 (the "Stipulation"). Due and adequate notice having been given to Gas Natural Inc. (also referred to herein as "Gas Natural" or the "Company") shareholders as required in said Preliminary Approval Order, and the Court having considered all papers filed and proceedings and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. This Judgment incorporates by reference the definitions in the Stipulation, and except where otherwise indicated all capitalized terms used herein shall have the same meanings and/or definitions as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Consolidated Action, including all matters necessary to effectuate the Settlement, and over all Settling Parties to the Consolidated Action, including plaintiffs Durgerian and Ferrigno, Current Gas Natural Shareholders, Gas Natural, and the Individual Defendants.

3. The Court finds that the Settlement is fair, reasonable, and adequate as to each of the Settling Parties and that the Settlement provides substantial benefits to Gas Natural and its shareholders. The Court hereby finally approves the Settlement in all respects and orders the Settling Parties to perform its terms to the extent the Settling Parties have not already done so.

4. The Consolidated Action and all claims contained therein, as well as all of the Released Claims, are dismissed with prejudice. As between plaintiffs Durgerian and Ferrigno, Gas Natural, and the Individual Defendants, the Settling Parties are to bear their own costs and attorneys' fees, except as otherwise provided herein and in the Stipulation.

5. Upon the Effective Date, plaintiffs Durgerian and Ferrigno and Current Gas Natural Shareholders, on behalf of Gas Natural, and Gas Natural, shall be deemed to have (and by operation of a final judgment in the Consolidated Action shall have) fully, finally, and forever settled, released, extinguished, waived, discharged, and dismissed with prejudice any and all Released Claims against the Released Parties, and shall forever be barred and enjoined from initiating, instituting, commencing, maintaining, or prosecuting any and all Released Claims against any Released Parties.

6. Upon the Effective Date, the Individual Defendants and each of the other Released Parties, on behalf of themselves, their heirs, executors, administrators, insurers, predecessors, successors, and assigns, shall be deemed to have (and by operation of a final judgment in the Consolidated Action shall have) fully, finally, and forever settled, released, extinguished, waived, discharged, and dismissed with prejudice any and all Defendants' Released Claims against plaintiffs Durgerian and Ferrigno and Lead Counsel and shall forever be barred and enjoined from initiating, instituting, commencing, maintaining, or prosecuting any and all Defendants' Released Claims, against plaintiffs Durgerian and Ferrigno, Lead Counsel, and Gas Natural.

7. The Court finds that the Summary Notice of Pendency and Proposed Settlement of Shareholder Derivative Action published in *Investor's Business Daily*, the filing and posting of the Notice of Pendency and Proposed Settlement of Shareholder Derivative Action ("Notice") with the U.S. Securities and Exchange Commission by a Current Report on Form 8-K, and the Notice and Stipulation posted on the websites of Robbins Arroyo LLP and Gas Natural, provided the best notice practicable under the circumstances of these proceedings and of the matters set forth therein, including the Settlement set forth in the Stipulation, to all Persons entitled to such

notice, and said notices fully satisfied the requirements of Federal Rule of Civil Procedure 23.1 and due process under the U.S. Constitution.

8. The Court finds that during the course of the Consolidated Action the Settling Parties and their respective counsel at all times acted professionally and in compliance with Rule 11 of the Federal Rules of Civil Procedure, and all other similar statutes or court rules with respect to any claims or defenses in the Consolidated Action.

9. The Court hereby approves the sum \$3,200,000 to Lead Counsel for the payment of attorneys' fees and unreimbursed expenses (the "Amount"). The Amount shall be released in accordance with the terms and conditions set forth in the Stipulation. The Court further approves the sum of \$5,000 each to plaintiffs John Durgerian and Joseph Ferrigno in recognition of plaintiffs Durgerian's and Ferrigno's participation and efforts in the prosecution of the Consolidated Action. The sums are to be paid from the Amount and from no other source.

10. Neither the Stipulation (including the exhibits attached to it) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (i) is or may be deemed to be or may be offered, attempted to be offered or used in any way by the Parties as a presumption, a concession or an admission of, or evidence of, the validity of any Released Claim, or of any fault, wrongdoing or liability of the Released Persons; or (ii) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Released Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Gas Natural, the Individual Defendants, and/or their Related Persons may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res*

judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

11. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (i) implementation of the Settlement; and (ii) the Settling Parties for the purpose of construing, enforcing, and administering the Stipulation and the Settlement, including, if necessary, setting aside and vacating this Judgment, on motion of a party, to the extent consistent with and in accordance with the Stipulation if the Judgment fails to become Final in accordance with the Stipulation.

12. If for any reason any of the conditions of paragraph 6.1 of the Stipulation does not occur, or if the Stipulation is in any way canceled, terminated, or fails to become Final in accordance with its terms, all Settling Parties and Released Persons shall be restored to their respective positions in the Consolidated Action as of the date immediately prior to the execution date of the Stipulation. In such event, the terms and provisions of the Stipulation shall be null and void and of no force and effect, except for paragraph 6.2, unless the Settling Parties' counsel mutually agree in writing otherwise, and the Stipulation shall not be deemed to constitute an admission of fact by any of the Settling Parties, and neither the existence of the Stipulation nor its contents, shall be admissible in evidence or be referred to for any purposes in the Consolidated Action or in any litigation or judicial proceeding.

13. This Judgment is a final, appealable judgment and shall be entered forthwith by the Clerk in accordance with Federal Rule of Civil Procedure 58.

IT IS SO ORDERED.

DATED: _____

THE HONORABLE JONATHAN D. GREENBERG

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