BYLAWS OF
RURAL TELEPHONE SERVICE COMPANY, INC.
(d/b/a NEX-TECH)

ARTICLE I
MEMBERSHIP

Section 1.1 Membership Requirements.

Any individual or entity with the capacity to enter into legally binding contracts ("entity") will become a member upon receipt of retail communications services from the Cooperative at a premise within its established service area.

By acceptance or use of any such services provided by the Cooperative, each member consents and agrees:

(1) as an end user of such services, to purchase communications services from the Cooperative in accordance with the rates, terms and conditions specified by the Cooperative; and
(2) to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules, regulations and policies adopted by the Board; and
(3) to pay such membership, connection, re-connection, security, facilities extension and construction fees and deposits as may be established or required by any rule, regulation or policy adopted by the Board.

Membership shall become effective upon the date of commencement of service. Membership eligibility terminates upon disconnection of service; however, the Board may provide for suspension of service during periods of temporary absence of a member.

Section 1.2 Definitions and Classifications.

The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership.

The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, the definitions, the types, the qualifications and rights of each class shall be determined by the Board.

Purchasers of the Cooperative's services at wholesale, or otherwise for resale, including exchange and interexchange carriers who participate with the Cooperative in the provision of communication services, shall not be eligible for membership or patronage credits with respect to such wholesale services.

No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferrable, except on the books of the Cooperative and as provided for in these Bylaws.

Memberships in the Cooperative are extended to individual or joint members or entities who meet the requirements of Section 1.1. Memberships issued to husbands and wives, referred to as joint memberships, will be continued until and unless by written request the members desire to make it an individual membership.

Individual memberships will be freely transferable on the books of the Cooperative between any persons in the same household or entity upon request in writing. Thus, the term "member" as used in these Bylaws shall refer to an individual or joint membership or an entity and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

(1) the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting,
(2) the vote of either separately or both jointly shall constitute one joint vote,
(3) a waiver of notice signed by either or both shall constitute a joint waiver,
(4) notice to either shall constitute notice to both,
(5) expulsion of either shall terminate the joint membership,
(6) withdrawal of either shall terminate the joint membership,
(7) either, but not both, may be elected or appointed as an officer or Board member if individually qualified, and
(8) upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

Section 1.3 Membership Fees.

The membership fee, if any, shall be determined by the Board at a uniform amount and set for each class of membership. The Board may dispense with the initial payment of a membership fee, allowing the amount of such membership fee to be taken from the first capital credits accruing to the member's account; however, membership fees taken from accrued capital credits shall not be refunded upon termination of membership, but will be paid out under the provisions of the Cooperative's general and special capital credit retirement Bylaws.

Section 1.4 Purchase of Services.

Each individual or entity that applies for membership shall subscribe to service(s) of the Cooperative, as soon as service becomes available. The member shall pay for such service monthly in accordance with rates established in tariffs or rate schedules as fixed by the Board. It is expressly understood that amounts in excess of cost received by the Cooperative for all communications and information services are furnished by members as capital from the moment of receipt, and each member shall be credited with the capital so furnished as provided in Article VIII of these Bylaws. However, the Cooperative is not obligated to furnish such credits for services that are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the amounts owed by such member to the Cooperative when the same become due and payable.

Section 1.5 Termination of Membership.

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or any rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any Annual or Special Meeting.

Upon the withdrawal, death, cessation of service or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative, nor do unpaid bills release a member from his/her obligations under these Bylaws or rules and regulations approved by the Board.

In case of the withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of any membership fee credited to the member's account, provided, however, that the Cooperative shall deduct from the amount of the membership fee, the amount of any debts or obligations owed by the member to the Cooperative.

When a patronage account holder's address remains unknown to the Cooperative for a period of at least twenty-four (24) consecutive months, the Cooperative shall have the right to cancel the account, and the membership fee and the accrued capital credits and any deposits credited to the account of such patronage account holder shall be transferred to donated capital.

ARTICLE II
RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

Section 2.1 Service Obligations.

The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member.

Section 2.2 Cooperation of the Members in the Extension of Services.

The cooperation of members of the Cooperative is imperative to the successful, efficient, and economical operation of the Cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of communication service to said member, or any other member.

When requested by the Cooperative, the member shall agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

Section 2.3 Non-Liability for Debts of the Cooperative.

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

Section 2.4 Property Interest of Members.

Upon dissolution, after (a) all debts and liabilities of the Cooperative have been paid, (b) all capital furnished through patronage has been retired as provided in these Bylaws; and (c) all membership fees shall have been repaid; the remaining property and assets of the Cooperative shall be distributed among the members in the proportion which the aggregate patronage of each member bears to the total patronage of all such members on the date of the dissolution, unless otherwise provided by law.

Section 2.5 Member Agreement.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract both between the Cooperative and each member, and further, between all the members themselves individually. Both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions with the Cooperative and each of its members. The provisions of this Article of the Bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its members.

ARTICLE III
MEETING OF MEMBERS

Section 3.1 Annual Meeting.

The Annual Meeting of the members shall be held each year, at such time and place in or near an area served by the Cooperative and may be held by remote communications, as shall be determined by the Board of Directors, for the purpose of electing Directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the election of Directors shall not be held on the date designed for any Annual Meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a Special Meeting of the members as soon thereafter as conveniently may be. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 3.2 Special Meetings.

Special Meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) Directors, by the President, or by not less than two hundred (200) members or ten percent (10%) of all the members, whichever is lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special Meetings of the members may be held at any place within one of the counties served by the Cooperative and may be held by remote communications as designated by the Board and specified in the notice of the Special Meeting.

Section 3.3 Remote Meetings.

The Board of Directors in its sole discretion, subject to such guidelines and procedures as the Board of Directors may adopt, members not physically present at a meeting of the members may, by means of remote communications participate in a meeting of the members. Members participating by means of remote communications shall be deemed present in person and vote at a meeting of the members whether such meeting is to be held at a designated place or solely by means of remote communications.

Section 3.4 Notice of Membership Meeting.

Written notice stating the place, day and hour of the meeting and, in case of a Special Meeting or an Annual Meeting at which business requiring special notice is to be transacted, the purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty (20) days before the date of the meeting, either in person, by mail or electronic transmission including notice posted on the Cooperative website and through social media at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid. An electronically transmitted notice of a Member Meeting is deemed delivered when electronically sent to a Member at the Member's electronic mail address shown in the Cooperative's record. The incidental or unintended failure of any member to receive notice of an Annual or Special Meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 3.5 Quorum.

Business may not be transacted at any meeting of the members unless, there are present in person and/or by remote communications at least fifty (50) members or one-half (1/2) of one percent (1%) of the then total members of the Cooperative, whichever is lesser, except that, if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date, provided that the Secretary shall notify any absent members of the time, date, and place of such adjourned meeting by delivering notice thereof as provided in Section 3.4. At all meetings of the members, whether a quorum is present or not, the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as physically present in person and/or by remote communications.

Section 3.6 Voting.

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote. All questions, except those involving multiple choice issues or determinations, shall be decided by a vote of a majority of the members voting thereon in person and/or by remote communications except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple choice issues or determinations shall be decided by a plurality vote. In the election of Directors, for a meeting at which all members are physically present, a voice vote may be permitted if there is no competition for the seat or seats to be filled.

Section 3.7 Order of Business.

The order of business at the Annual Meeting of the members and, so far as possible at all other meetings of the members, shall be conducted under policies established by the Board and under an agenda essentially as follows; except as otherwise determined by the members at such meeting.

(1) Report on the number of members present in person in order to determine the existence of a quorum.
(2) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon unless minutes presented for approval shall have been furnished by a timely mailing or have been distributed at the meeting to all members present. The President may entertain a motion from the floor to dispense with the reading of such minutes.
(3) Presentation and consideration of reports of officers, Directors and committees.
(4) Election of Director candidates.
(5) Unfinished business.
(6) New business.
(7) Adjournment.

ARTICLE IV
BOARD OF DIRECTORS

Section 4.1 General Powers.

The business and affairs of the Cooperative shall be directed by a Board which shall exercise all the powers of the Cooperative, except such as are by law, the Articles of Incorporation, or these Bylaws, conferred upon or reserved to the members.

Section 4.2 Election and Tenure of Office.

The exchange areas served by the Cooperative shall be divided into zones for the purpose of election of and representation by the Board of Directors and shall consist of the following exchanges:

(1) Zone 1 shall be Agra, Edmond, Hill City, Kensington, Lenora, and Morland
(2) Zone 2 shall be WaKeeney and Victoria
(3) Zone 3 shall be Athol, Collyer, Esbon, Gove, Grainfield, Jennings, Quinter, Rexford, and Selden
(4) Zone 4 shall be Alton, Damar, Galatia, Lebanon, Logan, Long Island, Natoma, Olmitz, Palco, Prairie View, Woodruff, Woodston, and Zurich
(5) Zone 5 shall be Burr Oak, Courtland, Downs, Gaylord, Ionia, Osborne, Republic, and Webber
(6) Zone 6 shall be Russell

Shall the Cooperative acquire any additional exchanges, they shall be assigned to one of the above zones by resolution of the Board of Directors.

Members of the Cooperative at their 2015 Annual Meeting shall elect by voice vote, unless there is competition for the Board seats to be filled, then by secret ballot, by and from the members, three (3) Directors, one each from Zone 1, Zone 3, and Zone 7 for a term of three (3) years.

Members of the Cooperative at the 2016 Annual Meeting, shall elect by voice vote, unless there is competition for the Board seats to be filled, then by secret ballot, by and from the members, two (2) Directors, one each from Zone 4 and Zone 5 for a term of three (3) years.

Members of the Cooperative at their 2017 Annual Meeting shall elect by voice vote, unless there is competition for the Board seats to be filled, then by secret ballot, by and from the members, two (2) Directors, one each from Zone 2 and Zone 6 for a term of three (3) years.

Members of the Cooperative, at every Annual Meeting thereafter, shall elect Directors for the expired terms for a full term of three (3) years.

The Directors so elected shall serve for the period designated or until their successors shall have been elected and duly qualified.

Not less than sixty (60) days before any meeting of the members at which Directors are to be elected, the Board shall review the composition of the Zones and, if it should be found that inequalities in representation have developed which can be corrected by a redelineation or reduction of Zones, the Board shall reconstitute the Zones so that each of them shall contain as nearly as practicable the same number of members.

Section 4.3 Qualifications to be Nominated, Elected, and Remain a Director.

To be qualified and serve as a Director, a person must:

(1) be a member of the Cooperative; and
(2) maintain his/her principal address within the zone represented, or to be represented, by him or her, and have done so for at least two consecutive years immediately prior to nomination, and reside in his/her principal residence at least nine (9) months per year; and
(3) not be an employee of the Cooperative; and

(4) not be closely related to an incumbent Director or an employee of the Cooperative, and,
(5) not have been convicted of a felony or of any criminal offense involving dishonesty or breach of trust; and
(6) not be in any way employed by or financially interested in a competing enterprise or a business engaged in selling competing service or supplies or constructing or maintaining competing facilities. Ownership of stock traded on a major stock exchange shall not be a violation of this subsection.

To remain a Director after being elected, a Director must continue to meet the qualifications under subsections (1) through (6) above, and must attend:
(1) at least ten (5) of the regular board meetings during each twelve (12) month period, beginning with the month of his/her election; and
(2) each Annual Membership meeting of the Cooperative during his/her term of office; and
(3) at least one (1) continuing education meeting and one (1) strategic planning meeting during each twelve (12) month period, beginning with the month of his/her election; and
(4) provided; however, that attendance, under subsections (1) through (3) above, may be excused by the Board for good cause.

Upon the establishment of the fact that Director is holding office in violation of any of the foregoing provisions, the Board may remove such Director from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

Section 4.4 Nomination of Directors.

It shall be the duty of the Board of Directors to appoint, not less than sixty (60) days before the date of the Annual Meeting of the members at which Directors are to be elected, a committee on nominations consisting of at least three (3) members.

The committee shall prepare and post at the principal office of the Cooperative, not less than thirty (30) days before the meeting, a list of nominations for Directors. At least one candidate shall be nominated for each open position.

Any fifteen (15) or more members acting together may make other nominations by petition not less than ten (10) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted.

The Secretary shall be responsible for mailing with the notice of the meeting, or separately, but at least ten (10) days before the date of the meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated by the committee on nominations.

Section 4.5 Election of Directors.

Ballots shall list the names of the candidates nominated by the committee and by petition.

Each member of the Cooperative present in-person at the meeting or by remote communication shall be entitled to vote for a candidate standing for election in each Zone. The candidate in each Zone receiving the highest number of votes at such meeting shall be declared elected as Director. For a meeting at which all members are physically present, a voice vote will be permitted if there is no competition for the Board seats to be filled.

Section 4.6 Removal of Board Members by Members.

Any member may bring charges against a Board member which shall specify malfeasance or nonfeasance of the duties and responsibilities of his/her position. Such charges shall be in writing and filed with the Secretary together with a petition signed by at least ten percent (10%) of the members, or two hundred (200) members, whichever is the lesser, and may request the removal of such Board member by reason thereof.

Such Board member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members. No Director shall be removed from office unless by a vote of two-thirds (2/3) of the members present.

Section 4.7 Vacancies.

A Director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary of the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date, but the successor shall not take office until the effective date.

A vacancy occurring in the Board caused by death, resignation, or removal by the members shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term. Any successor must reside in the same zone as the vacant Directorship and have the same qualifications for office as set forth in Section 4.3.

Section 4.8 Compensation.

Directors shall not receive any salary for their service as Directors, but by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board and meetings, conferences, and training programs, as well as performing committee assignments, as required when carrying out the Cooperative's business when authorized by the Board. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such Director or close relative shall have been certified by the Board as an emergency measure.

ARTICLE V
MEETINGS OF THE BOARD

Section 5.1 Regular Board Meetings.

A regular meeting of the Board shall be held bi-monthly at such time and place as the Board may designate by fixing the time and place thereof.

Section 5.2 Special Board Meetings.

Special Meetings of the Board may be called by the President or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meetings.

Section 5.3 Notice of Board Meetings.

Written notice of the time, place and purpose of any regular or Special Meeting of the Board shall be delivered to each Director not less than five (5) days previous thereto either in person, by mail, or electronic transmission by or at the direction of the Secretary, or upon a default in duty of the Secretary, by the President or the Director calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid. If electronically transmitted, such notice shall be deemed delivered when electronically sent to the Director at the electronic mail address shown in the Cooperative's record.

Section 5.4 Quorum.

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 5.5 Unanimous Consent in Writing.

Unless otherwise prohibited by law, Board actions may be taken without a meeting, and without a vote if unanimous consent of the Board is obtained in writing setting forth the action to be taken in detail, and the document is signed by all Board members entitled to vote. Consent may be in writing, by fax, or by electronic means.

Section 5.6 Remote Board Meetings.

Subject to the requirements for notices of meetings, unless otherwise restricted by the Articles of Incorporation or these Bylaws or by law, the Directors may participate in and hold a meeting of the Board of Directors by remote communications. Participation in a meeting in this manner shall constitute presence in person at such meeting.

ARTICLE VI
OFFICERS

Section 6.1 Number.

The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 6.2 Election and Term of Office.

The officers shall be elected by ballot, if there is a contest, annually, by and from the Board at a regular Board meeting following the Annual Meeting of the members. Each officer shall hold office until his/her successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

Section 6.3 Removal of Officers and Agents by Directors.

Any officer or agent elected or appointed by the Board may be removed by the Board for cause related to the performance of his/her position, whenever, in the Board's judgment, the best interests of the Cooperative will be served thereby.

Section 6.4 President.

The President shall:

(1) be the principal officer of the Cooperative and, unless otherwise determined by the Board, shall preside at all meetings of the members and the Board;
(2) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
(3) in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 6.5 Vice President.

The Vice President shall:

(1) in the absence of the President, or in the event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President; and
(2) the Vice President shall also perform such other duties as from time to time may be assigned to him/her by the Board.

Section 6.6 Secretary.

The Secretary shall:

(1) see that minutes of the meetings of the members and of the Board are kept in books provided for that purpose;
(2) see that all notices are duly given in accordance with these Bylaws or as required by law; and
(3) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board.

Section 6.7 Treasurer.

The Treasurer shall:

(1) oversee the Board responsibility for all funds and securities of the Cooperative; and
(2) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board.

Section 6.8 Chief Executive Officer.

The Board shall appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative, and who shall perform such duties and shall exercise such authority as the Board may from time to time vest in him/her.

Section 6.9 Bonds.

The Board shall require the Treasurer or any other officer, agent, or employee of the Cooperative charged with the responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

Section 6.10 Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these Bylaws, with respect to compensation for Directors.

Section 6.11 Reports.

The officers of the Cooperative shall submit at each Annual Meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the conditions of the Cooperative at the close of such fiscal year.

ARTICLE VII
INDEMNIFICATION OF OFFICERS, BOARD MEMBERS, EMPLOYEES AND AGENTS

Section 7.1 Indemnification of Parties to Legal Proceedings.

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is, or was, a Board member, officer, employee, or agent of the Cooperative or who is, or was, serving at the request of the Cooperative as a Board member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees) adjustments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon pleas of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

Section 7.2 Indemnification of Parties to Actions By or In Right of the Cooperative.

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, or in the right of the Cooperative, to procure a judgment in its favor by reason of the fact that such person is, or was, a Board member, officer, employee, or agent of the Cooperative, or who is, or was, serving at the request of the Cooperative as a Board member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action, suit, or proceeding, if such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative.

No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

Section 7.3 Indemnification of Person Successfully Defending.

To the extent that a Board member, officer, employee, or agent of the Cooperative has been successful, on the merits or otherwise in the defense of any action, suit, or proceeding referred to in Sections 7.1 and 7.2, in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

Section 7.4 Expenses Advanced.

Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board in the specific case, upon receipt of a firm commitment by or on behalf of the Board member, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he/she is entitled to be indemnified by the Cooperative as authorized in this Article.

Section 7.5 Rights of Persons Indemnified.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of members, or disinterested Board members, or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 7.6 Insurance Coverage.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee, or agent of the Cooperative, or who is, or was, serving at the request of the Cooperative as a Board member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against any liability under the provisions of this Article.

ARTICLE VIII
NON-PROFIT OPERATION

Section 8.1 Capital Credits.

The Cooperative shall allocate and retire Capital Credits as provided in this Article.

Section 8.2 Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 8.3 Patronage Capital in Connection with Furnishing Services.

Accounting for Capital. In the furnishing of communications and information services, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of communications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses for communications and information services at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital.

Allocation of Capital Credits. The Cooperative is obligated to allocate in a fair and equitable manner to a capital account for each member all such amounts in excess of operating costs and expenses derived from communications and information services. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by the member for communications and information services is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though it had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital. Any operating losses of the Cooperative shall be offset by subsequent year's margins prior to allocation.

Patronage Capital in Connection with Non-Operating Margins. All non-operating margins shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year and, to the extent not needed for that purpose, either:

(1) allocated to members on a patronage basis in the same manner as margins from communications and information services, and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of members in an equitable manner as approved by the Board; or
(2) unless otherwise provided by an Allocation Resolution, used to establish and maintain a non-operating margin reserve not assignable to members.

Patronage Capital in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than communications and information services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be either:

(1) allocated to the members on a patronage basis in the same manner as margins from communications and information services, or
(2) unless otherwise provided by an Allocation Resolution, retained as permanent equity of the Cooperative.

Patronage Capital in Connection with Subsidiaries. Any margins earned by subsidiaries and attributable to the Cooperative (whether or not received by the Cooperative), insofar as permitted by law, shall be either:

(1) allocated to the members on a patronage basis in the same manner as operating margins from communications and information services, or
(2) unless otherwise provided by an Allocation Resolution, retained as permanent equity of the Cooperative.

Allocation Resolutions. The purpose of this paragraph is to establish a pre-existing legal obligation of the Cooperative to its members to allocate margins determined by the Board to be allocable. Before such margins are earned, the Board may establish such pre-existing legal obligation for such margins by passing an Allocation Resolution in accordance with this paragraph. Unless a prior Allocation Resolution is in effect, the Board shall, each year, pass a resolution determining whether, and to what extent, if any, the Cooperative will allocate:

(1) non-operating margins,
(2) margins from goods or services other than communications and information services,
(3) margins from subsidiaries, or
(4) any other margin which the Board has discretion to allocate.

An Allocation Resolution shall remain in effect until a subsequent Allocation Resolution has been passed. An Allocation Resolution shall be a binding legal obligation of the Cooperative, enforceable by its members, to allocate margins on a patronage basis until a subsequent Allocation Resolution is passed. All margins earned while an Allocation Resolution is in effect, shall be treated in accordance with such Allocation Resolution. For purposes of patronage allocations, an Allocation Resolution cannot retroactively modify the treatment of such margins previously subject to a prior Allocation Resolution.

Payments by Board Discretion. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patronage accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution. Before the retirement of any capital credited to patronage accounts, the Board, in its sole discretion, shall have the authority to deduct from the patronage account holder's capital account any amount owed to the Cooperative by the patronage account holder.

Payments Upon Dissolution. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement.

Capital Assignment. Capital credited to the account of each patronage account holder shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy in all or in a part of such patronage account holder's premises, served by the Cooperative unless the Board, acting under policies of general application, shall authorize other types of assignments. Patronage account holders at any

time may assign their capital credits back to the Cooperative and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patronage account holders.

Payment Upon Death or to an Entity. Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patronage account holder, who is an individual , or if the patronage account holder is an entity that for a period of one (1) year has either quit business, dissolved or become bankrupt, and if the legal representative of the patronage account's estate or the entity shall request in writing that the capital credited to such patronage account holder be retired, the Board shall offer the following options to retire capital credited to any such patronage account holder:

(1) present day value, under the terms and conditions as set by the Board, or
(2) retain capital in the patronage account to be retired under the general retirement provisions of these Bylaws,

provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Minimum Accounts. When the capital credits of any patronage account no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other patronage accounts is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over.

Tax Refunds. All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section by these Bylaws.

ARTICLE IX
DISPOSITION AND PLEDGING OF PROPERTY DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION

Section 9.1 Disposition and Pledging of Property.

(1) The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion in excess of ten percent (10%) of its total assets unless such sale, lease or other disposition is:

(a) authorized by the then-total members by the affirmative vote of at least two-thirds (2/3) of the total members of the Cooperative; and
(b) authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative; and
(c) proceeded by a notice of meeting at which such sale, lease or other disposition is to be voted on.

(2) Notwithstanding the foregoing provisions of this Section, the members of the Cooperative delegate to the Board the power and authority:

(a) to borrow monies from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Cooperative's business purposes, and
(b) to mortgage, or otherwise pledge or encumber any and all of the Cooperative's property or assets as security therefor; and
(c) with respect to other organizations only, to sell and lease back any of the Cooperative's property or assets.

(3) In addition to the foregoing paragraphs of this Section and any other applicable provisions of law of these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition within a single calendar year, of physical plant of the Cooperative with net value in excess of ten percent (10%) of the Cooperative's total assets, based upon the most recent audit of the Cooperative, shall be authorized except in conformity with the following:

(a) If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent non-affiliated appraisers, expert in such matters, to render their individual opinions as to the disposition, and as to any other terms and conditions which should be considered. The three (3) independent appraisers shall be designated by a District Court resident judge for the Judicial District in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board.
(b) If the Board after receiving such appraisals (and other terms and conditions which are submitted, if any) determines that the proposals should be submitted for consideration by members, it shall first give, by notice in appropriate publications, other cooperatively organized entities an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such other interested cooperatively organized entities shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
(c) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal, which has been submitted to it, it shall so notify the members not less than sixty (60) days before holding a Special Meeting of the members thereon or, if such be the case, the next Annual Member Meeting, expressing in detail each of any such proposals, and shall call a Special Meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) or more than thirty (30) days after giving the notice thereof to the member; provided that consideration and action by the members may be given at the next Annual Meeting if the Board so determines and if such Annual Meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting.
(d) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such Special or Annual Meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

(4) The provisions of (1), (2), and (3) above shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more telephone cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more telephone cooperatives.

Section 9.2 Merger or Consolidation.

The Cooperative may consolidate or merge only with an entity operating on a cooperative basis.

To consolidate or merge, the Board must approve an agreement or plan to consolidate or merge ("Consolidation" or "Merger Agreement") stating the:

(1) terms and conditions of the consolidation or terms and conditions of the consolidation or merger; and
(2) name of each entity consolidating or merging with the Cooperative; and
(3) name of the new or surviving consolidated or merged entity ("New Entity"); and
(4) manner and basis, if any, of converting memberships or ownership rights of each consolidating or merging entity into memberships or ownership rights of, or payments from, the New Entity; and
(5) number of Directors of the New Entity, which must equal or exceed seven (7); and
(6) date of the New Entity's Annual Meeting; and
(7) names of New Entity Directors who will serve until the New Entity's first Annual Meeting; and
(8) other information required by law.

Member Approval. To Consolidate or Merge:

(1) after the Board approves a Consolidation or Merger Agreement, two-thirds (2/3) of the members voting in person, by member proxy, by mail ballot or by remote voting must approve the Consolidation or Merger Agreement.

Section 9.3 Dissolution.

The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Rural Telephone Service Company, Inc. and shall state:

(1) the name of the Cooperative, and if such Cooperative is a corporation resulting from a consolidation as herein provided, the names of all the original corporations or Cooperatives; and
(2) the date of filing of Certificate of Incorporation, and if such Cooperative is a Cooperative resulting from a consolidation as herein provided, the dates on which the Certificates of Incorporation of the original corporations were filed; and
(3) that the Cooperative elects to dissolve; and
(4) the name and post office address of each of its Directors, and the name, title and post office address of each of its officers.

The Certificate shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the President or a Vice President, and the Secretary or an Assistant Secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person and/or by remote communications of at least two-thirds (2/3) of its total membership voting without proxies and that the dissolution has been authorized by at least seventy-five percent (75%) of the holders of the indebtedness of the Cooperative.

A Certificate of Dissolution and a certified copy or copies thereof shall be filed in the same place as the original Certificate of Incorporation and thereupon the Cooperative shall be deemed to be dissolved.

The Cooperative shall continue for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name.

Section 9.4 Distribution of Surplus Assets on Sale or Dissolution.

Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Section 2.4; provided, however, that if in the judgment of the Board the amount of such surplus relatively is too small to justify the expense of making such widespread distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

ARTICLE X
FINANCIAL TRANSACTIONS

Section 10.1 Contracts.

Except as otherwise provided in these Bylaws, the Board may authorize any officer(s) or agent(s) to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 10.2 Checks, Drafts & Etc.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer(s), agent(s), or employee(s) of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

Section 10.3 Deposits.

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may select.

Section 10.4 Fiscal Year.

The fiscal year shall begin on January 1 and end on December 31.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Membership in Other Organizations.

The Cooperative may become a member or purchase stock in other profit or non-profit organizations, association, partnerships, or joint ventures when the Board finds that the general or long-term interests of its membership will be served by such investments or participation.

Section 11.2 Waiver of Notice.

Any member or Director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business, on the grounds that the meeting has not been lawfully called or convened.

Section 11.3 Rules and Regulations.

The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management of the business and the affairs of the Cooperative.

Section 11.4 Governing Law.

These Bylaws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated.

Section 11.5 Titles and Headings.

Titles and headings of Bylaws articles, sections, and subsections are for convenience and reference, and do not affect the interpretation, construction, or application of a Bylaw article, section, or subsection.

ARTICLE XII
AMENDMENTS

These Bylaws may be altered, amended, or repealed by the members at any Annual or Special Meeting of the members, unless otherwise specified in these Bylaws. Members shall receive a copy of the proposed Bylaw alteration, amendment, or repeal with the meeting notice or by electronic transmission.