

**BYLAWS
OF
NORTHEAST NEBRASKA TELEPHONE COMPANY**

**ARTICLE I
MEMBERSHIP**

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, partnership, corporation, limited liability company, body political or subdivision thereof, or any other legal entity may become a "member" of the Northeast Nebraska Telephone Company (hereinafter called the "Company") by:

- (a) making a written application for membership upon the form furnished by the Company;
- (b) agreeing to purchase from the Company telecommunication and information services or supplies in conjunction therewith (hereinafter referred to as "services"); and
- (c) agreeing to comply with and be bound by the Articles of Incorporation and By-laws of the Company and any rules or regulations adopted by the Board of Directors (hereinafter called the "Board"). Membership is automatic and instantaneous upon receipt of the application by the Company. Membership shall be non-transferable, except as further provided by the By-Laws.

SECTION 2. MEMBERSHIP CERTIFICATES. Membership in the Company shall be evidenced by a membership certificate, serially numbered, which shall be in such form and shall contain such provisions as shall be determined by the Board from time to time. Such certificate shall be signed by the President and by the Secretary and the corporate seal shall be affixed thereto. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefor upon such uniform terms as the Board may prescribe.

SECTION 3. JOINT MEMBERSHIP. Two or more persons may apply for a joint membership and, subject to their compliance with the requirements of Section 1 of this Article, may be accepted for such membership. The term "member" as used in these By-Laws shall be deemed to include, jointly, such persons holding a joint membership. 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:

- (a) 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;
- (b) The vote of either separately or both jointly shall constitute as one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office;
- (h) A proxy executed by either or both shall constitute a joint proxy.

SECTION 4. CONVERSION OF MEMBERSHIP.

- (a) A membership may be converted into a joint membership upon the written request of the holder thereof and the written consent by such holder and all other proposed joint holder(s) to comply with the Articles of Incorporation, By-Laws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered, and shall be re-issued by the Company in such manner as shall indicate the changed membership status.
- (b) Upon the death of any person who is party to the joint membership, such membership shall be held solely by the survivor, or survivors. The outstanding membership certificate shall be surrendered, and shall be re-issued in such manner as shall indicate the changed membership

status, provided, however, that the estate of the deceased shall not be released from any debts due the Company.

SECTION 5. PURCHASE OF SERVICE. Each member shall, as soon as service is available, take service from the Company to be used on the premises specified in the member's application for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board; provided, however, that the Board may limit the amount of telephone or other service which the Company shall be required to furnish to any one member. Each member shall also pay all amounts owed by the member to the Company as and when the same shall become due and payable.

SECTION 6. TERMINATION OF MEMBERSHIP.

- (a) 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 of all the directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws, 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 the member liable to expulsion and such failure shall have continued for at least ten 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 meeting or special meeting. The membership of a member who has not permitted the installation of service within (30) thirty days after the member has been notified service is available, or of a member who has ceased to purchase service from the Company, shall be cancelled by resolution of the Board.
- (b) Upon withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Company. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Company.

SECTION 7. PATRONS. For purposes of these By-Laws, the term "patrons" shall include both "members" that satisfy the requirements of Section 1 above and "non-member patrons." The term "non-member patrons" shall mean persons or entities that contract for services from the Company who do not meet the eligibility requirements for membership, as described in Section 1 above, but are entitled to receive capital credits as further described in these By-Laws, at the discretion of the Board. The Board, through its policies, shall be vested with the exclusive authority to determine which non-member customers (including, but not limited to Inter-exchange Carriers) of the Company shall be deemed "non-member patrons."

**ARTICLE II
RIGHTS AND LIABILITIES OF MEMBERS AND PATRONS**

SECTION 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after (a) all the debts and liabilities of the Company shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these By-Laws, and (c) all membership fees shall have been repaid, the remaining property and assets of the Company shall be distributed among the members and former members in the proportion which the aggregate patronage of each member or former member bears to the total patronage of all such members and former members, unless otherwise provided by law.

SECTION 2. NON-LIABILITY FOR DEBTS OF THE COMPANY. The private property of the patrons shall be exempt from execution or other liability for the debts of the Company and no patron shall be liable or responsible for any debts or liabilities of the Company.

SECTION 3. DUTIES OF PATRONS. The patron has the following duties to the Company:

- (a) To pay for all services and supplies ordered by the customer and furnished by the Company.
- (b) To keep the Company informed of their current address for the purpose of notification of payment of capital credits or refund of equity.

- (c) To give to the Company one year after the authorization of payment by the Board pursuant to final dissolution of the Company, any return of capital or equity authorized by the Company to be paid to the member, whether in the form of payment of capital credits or otherwise, which remains unclaimed by the member.
- (d) To give the Company at termination of membership any capital credits or equity in the amount of less than twenty-five (25) dollars to which the member may have a claim.
- (e) To assign and consent to having applied to the payment of any debt owed to the Company, so much of the capital credits or equity as may be due the member, one day immediately prior to the filing of bankruptcy or reorganization or giving an assignment for the benefit of creditors, or upon termination of membership in any manner.
- (f) To comply with, and be bound by, the Articles of Incorporation and By-Laws of the Company, any rules and regulations adopted by the Board, and any rules, regulations and tariffs of the Nebraska Public Service Commission pertaining to members.

SECTION 4. SERVICE OBLIGATION OF THE COMPANY. The Company will use reasonable diligence to furnish adequate and dependable service, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by every individual patron.

ARTICLE III MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held in each year on the date and time, and at such place within the State of Nebraska, as determined by resolution of the Board, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the date designated for any annual meeting of the members, the Board shall cause the election to be held at a special meeting of the members as soon thereafter as is convenient. Failure to hold an annual meeting as required by these By-Laws shall not invalidate any corporate action, nor shall it work a forfeiture or dissolution of the Company.

SECTION 2. SPECIAL MEETING. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three directors, by the president, or by not less than 100 members or ten per centum of all the members, whichever shall be the 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 the State of Nebraska, as specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBER'S MEETINGS. 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 purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a 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 the member's address as it appears on the records of the Company, with postage thereon prepaid. The 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 4. QUORUM. Fifty members or one per centum of the members present in person, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at the meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person, or by proxy.

SECTION 5. VOTING. Despite the fact that any one person or other eligible entity may hold more than one membership in the Company, each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of

the members voting thereon in person or by proxy except as otherwise provided by law, the Articles of Incorporation, or by these By-Laws.

SECTION 6 PROXIES. A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the secretary before or at the time of the meeting. No proxy shall be valid after sixty days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A member may give the member's proxy only to another member. The presence of a member at a meeting shall revoke a proxy theretofore executed by the member and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the member had not executed a proxy.

SECTION 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 essentially as follows, except as otherwise determined by the members at such meetings:

1. Report on the number of members present in person in order to determine the existence of a quorum. Report on proxies.
2. Reading of the notice of meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees and committees.
5. Election of Directors.
6. Unfinished business.
7. New business.
8. Adjournment

ARTICLE IV DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Company shall be managed by a Board of Directors consisting of nine (9) persons which shall exercise all of the powers of the Company except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the members.

SECTION 1A. REPRESENTATION DISTRICTS. Beginning immediately after December 31, 2003, the following procedures shall be followed in election of directors. The territory served by the Company shall be divided into (6) six districts. The existing nine (9) directors will represent the six (6) districts. At such time as a vacancy occurs in District 1, 2, 3, or 4, a director shall then be elected from district six (6) and three (3) of the existing directors will be designated Directors At Large. Thereafter each district shall be represented by at least one (1) director. Three (3) directors shall be selected at large from any of the six districts provided that no greater than two (2) directors shall be elected from any single district.

The (6) six Districts shall be as follows:

District 1. Jackson/Hubbard, Martinsburg, Newcastle, and Obert/Maskell Exchange areas.

District 2. Coleridge, and Dixon/Concord, Allen/Waterbury, and Winside Exchange areas.

District 3. Clearwater and Bartlett Exchange areas.

District 4. Prague, Weston/Malmo and Linwood/Morse Bluff Exchange areas.

District 5. Craig and Decatur Exchange areas.

District 6. Long Pine, Stuart, Butte, and Spencer/Bristow Exchange Areas.

SECTION 2. ELECTION AND TENURE OF OFFICE. The persons elected directors by the incorporators shall compose the Board until the first annual meeting, or until their successors shall have been elected and shall have qualified. All directors shall be elected by secret ballot at each annual meeting of the members beginning with the first annual meeting by and from the members to serve until the next annual meeting of the members or until their successors shall have been elected and shall have

qualified. At the first annual meeting, three directors shall be elected for a term of one year; three directors shall be elected for a term of two years, and three directors shall be elected for a term of three years, and thereafter each year three directors shall be elected for a term of three years. Should a vacancy occur in the office of a director, such vacancy shall be filled at the next annual meeting by election for the unexpired portion of said term. If an election of the directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members. Election of directors shall be by printed or mimeographed ballot. The ballots shall list the names of the candidates nominated by the committee and by petition; such names shall be arranged by districts. Any member desiring to vote for a candidate nominated from the floor at the meeting shall write in the name of such candidate beneath the names of the candidates nominated by the committee on nominations and by petition of the particular district which such candidate would represent if elected.

Each member of the Cooperative present in person or represented by proxy at the meeting shall be entitled to vote for one candidate from each district from which a director is to be elected. The candidate from each District from which a director is to be elected receiving the highest number of votes at such meeting shall be declared elected as director.

SECTION 3. QUALIFICATIONS. No person shall be eligible to become or remain a director of the Company who (a) is not a member; or (b) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling telephone service or supplies, or constructing or maintaining telephone facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephony.

Upon establishment of the fact that a director is holding office in violation of the foregoing provisions, the Board shall 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. NOMINATIONS. It shall be the duty of the Board to appoint, not less than Forty (40) nor more than One Hundred Twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different districts so as to insure equitable representation. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principle office of the Company at least thirty (30) days before the meeting a list of nominations for directors to be elected. Any fifteen or more members acting together may make other nominations by petition not less than twenty (20) 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 mail with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee and the nominations made by petition, if any. The names of the candidates shall be arranged by districts. The ballot to be used at the election shall list the names of the candidates nominated by the committee and the names of the candidates nominated by petition, if any. The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nominations have been made. No member may nominate more than one candidate. Nothing contained herein shall be construed to prohibit additional nominations from the floor at any meeting of the members at which directors are to be elected.

SECTION 5. REMOVAL OF DIRECTORS BY MEMBERS. Any member may bring charges against a director and, by filing with the secretary such charges in writing together with a petition signed by at least ten percentum of the members, or two hundred members, whichever is the lesser, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which time the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the

meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations. Provided however that the successor must reside in the same district as the director in respect of whom the vacancy occurs. The members may at any meeting at which a director shall be removed as provided in these By-Laws elect a successor thereto without compliance with the foregoing requirements with respect to nominations, provided, however, that any such successor must reside in the same district as the director in respect of whom the vacancy occurs. Notwithstanding herein contained, failure to comply with any of the provisions of this subsection shall not affect in any manner whatsoever the validity of any election of directors.

SECTION 6. VACANCIES. Subject to the provisions of these By-Laws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the year until the next annual election, provided however, that in the event of the vacancy not being filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect of nominations. The member elected as director to fill the vacancy must reside in the same district as the director to whose office such member succeeds.

SECTION 7. COMPENSATION. A director shall not receive any salary for services as director; provided, however, by resolution of the Board, a fee not to exceed two hundred dollars (\$200.00) per month, plus fees not to exceed one hundred and fifty dollars (\$150.00) per day for each meeting attended, as well as actual expenses of attendance, if any, may be allowed. No director shall receive compensation for serving the Company in any other capacity, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such director shall have been certified by the Board as an emergency measure.

ARTICLE V MEETING OF DIRECTORS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board shall be held without notice, immediately, after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place as the Board may provide by resolution. Such resolution shall state the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board may be called by the president or by any three 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 meeting.

SECTION 3. NOTICE OF DIRECTOR'S MEETING. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each director, not less than five days previous thereto either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the president or the directors 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 address as it appears on the records of the Company, with postage thereon prepaid.

SECTION 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. NO MEETING. Any action required or permitted to be taken at a meeting of the Board may be taken, without prior notice, by a written consent signed, or counterparts of a written consent

signed in the aggregate, by all of the directors and delivered to the secretary for inclusion with the corporate records.

SECTION 6. TELEPHONIC MEETINGS. Meetings of the Board may be held by conference telephone call in a manner by which each director can hear and be heard by each other director during the course of such telephonic meeting, and such participation in a meeting in such manner shall constitute presence in person at the meeting.

ARTICLE VI OFFICERS

SECTION 1. NUMBER. The officers of the Company 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 of treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members except the secretary need not be a member of the board of directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. Except as otherwise provided in these By-Laws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Company will be served thereby. In addition, any member of the Company may bring charges against any officer, and by filing with the secretary such charges in writing together with a petition signed by ten centum of the members, or two hundred members, whichever is the lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against the officer shall have the same opportunity. In the event the board does not remove such officer, the question of removal shall be considered and voted upon at the next meeting of members.

SECTION 4. PRESIDENT. The president shall:

- (a) be the principal executive officer of the Company, and unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the board;
- (b) sign, with the secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may 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 By-Laws to some other officer or agent of the Company, or shall be required by law to be otherwise signed or executed; and
- (c) 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 5. VICE-PRESIDENT. In the absence of the president, or in the event of his 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. The vice-president shall also perform such other duties as from time to time may be assigned by the Board.

SECTION 6. SECRETARY. The secretary shall:

- (a) keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Company and affix the seal of the Company to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Company under its seal is duly authorized in accordance with the provisions of these By-Laws;
- (d) keep a register of the names and post office addresses of all members;
- (e) sign, with the president, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) have general charge of the books of the Company;
- (g) keep on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Company containing all amendments thereto (which copy shall always be open to inspection of any member) and at the expense of the Company forward a copy of the By-Laws and of all amendments thereto to each member; and
- (h) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the Board.

SECTION 7. TREASURER. The treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Company;
- (b) be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Company, and for the deposit of all such moneys in the name of the Company in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; and
- (c) in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board.

SECTION 8. MANAGER. The Board may appoint a manager, who may be, but who shall not be required to be, a member of the Company. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him or her.

SECTION 9. BONDS OF OFFICERS. The treasurer and any other officer or agent of the Company charged with responsibility for the custody of any of its funds or property shall 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 Company to give bond in such amount and with such surety as it shall determine.

SECTION 10. COMPENSATION. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these By-Laws.

SECTION 11. REPORTS. The officers of the Company shall submit at each annual meeting of the members reports covering the business of the Company for the previous fiscal year. Such reports shall set forth the condition of the Company at the close of each fiscal year.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Company shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Company on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING TELEPHONE SERVICE. In the furnishing of telephone or other patronage services, the Company's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Company. In order to induce patronage and to assure that the Company will operate on a non-profit basis, the Company is obligated to account on a patronage basis to all its patrons, members and

non-members alike, for all amounts received and receivable from the furnishing of telephone or other patronage activities in excess of operations costs and expenses properly chargeable against the furnishing of telephone service or other patronage activities. All such amounts in excess of operation costs and expenses at the moment of receipt by the Company are received with the understanding that they are furnished by the patrons, members and non-members alike as capital. The Company is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Company shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Company shall within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to the patron's account. All such amounts to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Company corresponding amounts of capital. Further, the Board shall have the discretion to establish separate margin allocation pools to more fairly reflect patronage and to distinguish sources of margins allocated.

In the event of dissolution or liquidation of the Company after all outstanding indebtedness of the Company shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account or property rights of members. If, any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Company will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. The Board shall have the exclusive authority to determine a fair and equitable method for retirement of patronage capital. Capital credited to the account of each patron shall be assignable only on the books of the Company, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Company unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these By-Laws, the Board, at its discretion shall have the power at any time upon the death of any member, if the legal representatives of the member's estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such member's estate shall agree upon, provided, however, that the financial condition of the Company will not be impaired thereby.

The patrons of the Company, by dealing with the Company, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Company and each patron, and both the Company and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the By-Laws shall be called to the attention of each patron of the Company by posting in a conspicuous place in the Company's office.

SECTION 3. REVERSION OF CAPITAL CREDITS. The capital credits of each patron (member or non-member alike) shall automatically and without notice revert to the Company or its successor in interest if (i) the patron or his or her heirs cannot be found after reasonable diligence is exercised by the Company for a period of four years after the authorization of redemption of capital credits by the Board of such capital credits to each patron's account, or (ii) the patron or his or her heirs have not responded in writing to communications from the Company concerning such patrons capital account for a period of four years. If a patron is found after his or her allocation has reverted to the Company, the Company shall pay to such patron any capital credits that would have been redeemed by the Board if such credits had not reverted to the Company.

ARTICLE VIII DISPOSITION OF PROPERTY

The Company may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the directors thereof by the affirmative vote of not less than a majority of all the directors

of the Company, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting.

ARTICLE IX SEAL

The corporate seal of the Company shall be in the form of a circle and shall have inscribed thereon the name of the Company and the words "Corporate Seal".

ARTICLE X FINANCIAL TRANSACTION

SECTION 1. CONTRACTS. Except as otherwise provided in these By-Laws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Company and such authority may be general or confined to specific instances.

SECTION 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 Company shall be signed by such officer or officers, agent or agents, employee or employees of the Company and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. DEPOSITS. All funds of the Company shall be deposited from time to time to the credit of the Company in such bank or banks as the Board may select.

SECTION 4. CHANGE IN RATES. Written notice shall be given to the Administrator of RUS of the United State of America not less then ninety days prior to the date upon which any proposed change in the monthly rate charged by the Company for telephone service becomes effective.

SECTION 5. FISCAL YEAR. The fiscal year of the Company shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Company shall not become a member of or purchase stock in any other organization without an affirmative vote of the directors at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchases, provided however, that the Company may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of area-wide rural telephone service, or with the approval of the Administrator of RUS, of any other corporation for the purpose of acquiring telephone facilities or assuring more adequate telephone service to its members.

SECTION 2. WAIVER OF NOTICE. Any member or director may waive in writing any notice of a meeting required to be given by these By-Laws. 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 ground that the meeting has not been lawfully called or convened.

SECTION 3. RULES AND REGULATIONS. The Board shall have power to make and adopt such rules and regulations, not inconsistent with the law, the Articles of Incorporation or these By-Laws, as it may deem advisable for the management of the business and affairs of the Company.

SECTION 4. ACCOUNTING SYSTEM AND REPORTS. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of RUS of the United States of America. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Company as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

**ARTICLE XII
AMENDMENTS**

These By-Laws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

**ARTICLE XIII
LIMIT OF INDEBTEDNESS**

SECTION 1. LIMIT OF INDEBTEDNESS. Mortgages on any or all of the assets of the Corporation to the United States of America, the Rural Telephone Bank, or any other commercial or private lending institution or agency are authorized and approved up to the amount of \$75,000,000.00, whether made prior or subsequent hereto, and the execution of any prior mortgages are specifically ratified under this authority. The Board of Directors is authorized to borrow from the United States of America, the Rural Telephone Bank, or any other commercial or private lending institution or agency up to said amount and to fix the terms, conditions, and considerations for such loans and mortgages.

The forgoing By-Laws consisting of eleven (11) typewritten pages and containing thirteen (13) Articles and subsections, were duly adopted at a meeting of the Board of Directors duly called and held in the Village of Allen, Dixon County, Nebraska, on the 16th day of August, 1955, and amended on the 12th of March, 1964, in the Village of Prague, Nebraska; the 9th of March, 1972, in the Village of Jackson, Nebraska; the 26th of January, 1978, in the Village of Newcastle, Nebraska; the 17th of September, 1981, in the Village of Prague, Nebraska; on the 20th of September, 1984, in the Village of Jackson, Nebraska; on the 20th of September, 1990, in the Village of Clearwater, Nebraska; on the 15th of September, 1994, in the Village of Weston, Nebraska; on the 16th of September, 1999, in the Village of Prague, Nebraska; on the 19th of September, 2002, in the Village of Coleridge; on the 20th of September, 2007, in the Village of Stuart, Nebraska.
