

ARTICLE I: MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Peoples Rural Telephone Cooperative Corporation, Incorporated (hereinafter called the "Cooperative") upon receipt of telephone, broadband, or other communications services from the Cooperative, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase services from the Cooperative in accordance with established tariffs as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board; and
- (d) Paid the membership fee as established by the Board.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed by these bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed, or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the board may prescribe.

SECTION 3. Joint Membership. Spouses may apply for joint membership and, subject to their compliance with the requirements set forth in section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include spouses holding a joint membership 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:

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

(h) At least ten days prior to any election, the holders of a joint membership shall designate one of the joint members who shall, in the event of the split in the vote of the joint members, have the power to override the other and vote the joint membership as a bloc on behalf of the joint members. In the event of the failure or refusal to so designate at said time, the vote of the membership shall not be counted in the event of a split in the voting of the joint members.

SECTION 4. Conversion of Membership.

(a) Conversion of Membership to Joint Membership. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws, and rules and regulations adopted by the board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

(b) Effect of Death of Spouse Upon a Joint Membership. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor, provided however, that the estate of the deceased shall not be released from any debts due the Cooperative.

(c) Effect of Separation or Divorce Upon a Joint Membership. Upon the Cooperative receiving written notice and sufficient proof of the legal separation or the dissolution of marriage between spouses in a joint membership, the joint membership shall terminate and if either spouse desires to become a member, he or she shall reapply for membership. Notwithstanding the foregoing, both spouses in a joint membership that terminates will continue to be jointly and severally liable for any debts due to the Cooperative. In addition, unless otherwise ordered by a court or administrative body of competent jurisdiction, the Cooperative shall assign and transfer to each spouse one-half (1/2) of the Capital Credits allocated, or to be allocated at the time of dissolution, to the joint membership.

Each spouse in a joint membership shall be responsible to notify the Cooperative of a legal change in status causing a termination of the joint membership as set out herein. The Cooperative shall be entitled to rely on the statement of either joint member as to a change in status without obtaining verification from the other joint member. The determination as to whether a membership is joint or individual shall be made by the Cooperative in its sole discretion.

SECTION 5. Membership Fees. The Membership fees shall be established at the sole discretion of the Board.

SECTION 6. Purchase of Services. Each member shall, as soon as service is available, take service from the Cooperative and shall pay therefore monthly at rates in accordance with established tariffs as fixed by the board. It is expressly understood that amounts paid for services in excess of costs are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws and as may further be set out in board policy. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 7. 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 members of the board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, bylaws, or rules and regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least 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. The membership of a member who for a period of thirty (30) days after service is available to him has not permitted the installation of service, or of a member who has ceased to purchase service from the Cooperative, may be cancelled by resolution of the board.

(b) Upon withdrawal, death, cessation of existence or expulsion of a member the membership of such members shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, 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, at which time the board of directors direct said payments to be made.

ARTICLE II: RIGHTS AND LIABILITIES OF MEMBER

SECTION 1. Property Interest of Members. Upon dissolution after:

(a) All debts and liabilities of the Cooperative shall have been paid.

(b) All capital furnished through patronage shall have 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 and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all members during the years for which the Cooperative has unpaid capital credit allocations.

SECTION 2. 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.

ARTICLE III: MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the month of October of each year, at such place within a county served by the Cooperative, as selected by the board

and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 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 board members, by the President, or by not less than 200 members or by 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 one of the counties served by the Cooperative as designated by the board and shall be specified in the notice of the special meeting .

SECTION 3. Notice of Members' Meetings. Written or printed 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 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 his address as it appears on the records of the Cooperative, 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. One hundred (100) members present in person, shall constitute a quorum. If less than a quorum is present at any 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.

SECTION 5. Voting. Each membership shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members regardless of the number of memberships held. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation, or these bylaws. There shall be no voting by proxy at any membership meeting. Any membership held by a firm, association, corporation or body politic (or subdivision thereof) shall designate, at least ten (10) days preceding an election, by a form which may be secured from the corporation headquarters, one agent who shall have the power to vote on behalf of said entity.

SECTION 6. 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 meeting:

1. Report on the number of members present in person in order to determine the existence of a quorum.

2. Reading of the notice of the 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 board members.
6. Unfinished business.
7. New business.
8. Adjournment

A. Any member who wants to place a matter of new business of any kind on the agenda for the annual meeting, shall, not less than 30 days prior to the annual meeting, send a written description of the business and request for inclusion of such item to the principal office of the Cooperative. Absent the latter written request, no matter of new business shall be placed on the agenda or heard at the annual meeting.

SECTION 7. Voting Districts. The territory to be served by the Cooperative has always been and shall be divided into four districts, by exchange. The four districts are the Annville Exchange, Booneville Exchange (comprising all of Owsley County), the McKee Exchange, and the Sand Gap Exchange. The separate exchanges shall be represented by the following number of directors or trustees.

Exchange	Directors
Annville (364)	1
Booneville (Owsley Co. - 593)	3
McKee (287)	2
Sand Gap (965)	1

In conformity with Article IV, Section 2 of the By Laws and Articles, and the terms of office of the trustees heretofore elected, directors or trustees shall be elected by the membership, as follows:

- (a) one director or trustee each from the McKee, Sand Gap and Booneville exchanges in 1988;
- (b) one director or trustee each from the Booneville and Annville exchanges in 1989;
- (c) one director or trustee each from McKee and Booneville exchanges in 1990;
- (d) in 1991, the term of office of the trustee or directors, or their successors, elected in 1988, shall expire and a director from the McKee, Sand Gap and Booneville exchanges shall be elected, and

every three years succeeding the election of the directors or trustees from the above-designated exchange, a new election shall occur for the positions then open, in the order of rotation above set forth. No person shall be eligible to be nominated for, elected to, or serve as a director or trustee unless he resides in the exchanges territory for which he seeks or holds office.

ARTICLE IV: BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of seven trustees or directors which shall exercise all of 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 2. Election and Tenure of Office. The directors and trustees presently serving as directors and trustees shall compose the board until the 1974 annual meeting or unless their successors shall have been elected and shall have qualified. Beginning with the year 1974 the directors and trustees of the Cooperative shall be divided into three classes, one class consisting of three members and the other two classes consisting of two members each. At the annual meeting in 1974 two directors and trustees shall be elected by secret ballot, if there are no other nominations made the vote can be by acclamation, by and from the members as directors and trustees of second class to serve until the third succeeding annual meeting or until their successors shall have been elected and shall have qualified. At the annual meeting in 1975 two directors and trustees shall be elected by secret ballot, if there are no other nominations made the vote can be by acclamation, by and from the members as directors and trustees of third class to serve until the third succeeding annual meeting or until their successors shall have been elected and shall have qualified. At the annual meeting in 1976 three directors and trustees shall be elected by secret ballot, if there are no other nominations made the vote can be by acclamation, by and from the members as directors and trustees of first class to serve until the third succeeding annual meeting or until their successors shall have been elected and shall have qualified. If an election of board members 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 board members within a reasonable time thereafter. Directors and trustees may be elected by a plurality vote of the members.

SECTION 3. Qualifications. No person shall be eligible to become or remain a board member of the Cooperative who:

- (a) is not a member and bona fide resident of the area served or to be served by the Cooperative; 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 telephones; or;
- (c) is not a natural person. Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the board shall remove such board member 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 30 days before the date of a meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than five nor more than seven members who shall be selected from different sections so as to insure equitable representation. No member of the board may serve on such committee. The committee shall prepare and post at the principal office of the Cooperative at least 20 days before the meeting a list of nominations for board members which shall include one candidate for each board position to be filled by the election. The Secretary shall be responsible for mailing 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 board members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any 250 or more members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations by petition, in order to be included on the ballot of the annual meeting, must be received at the principal office of the Corporation at least 20 days before the meeting. Further, in order for nominations by petition to be included on the ballot, the petition must bear the signature of the proposed nominee and said signature must be notarized.

SECTION 5. Removal of Board Member by Members. Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members or 200, whichever is the lesser, 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 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 and 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 removal of such board member 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.

SECTION 6. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the board within sixty 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 to nominations.

SECTION 7. Compensation. Board members shall not receive any salary for their services as such, except that board members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive

compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the board members or the service by the board member or his close relative shall have been certified by the board as an emergency measure. For the purpose of this section, close relatives include grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, uncles, aunts, nephews and nieces, by blood, by marriage or by adoption, and spouses of any by ten per centum of the foregoing.

ARTICLE V: MEETINGS OF BOARD

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 within one of the counties served by the Cooperative as designated by the board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the board may be called by the President or by any three board members, 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 board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Board Meetings. Written notice of the time, place, and purpose of any special meeting of the board shall be delivered to each board member 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 one of the board members calling the meeting. If mailed, such notice shall be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

SECTION 4. Quorum. A majority of the board shall constitute a quorum, provided, that if less than such majority of the board is present at said meeting, a majority of the board present may adjourn the meeting from time-to-time: and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

ARTICLE VI: OFFICERS

SECTION 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 office of Secretary and 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. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. 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. A 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 the Board. 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 Cooperative will be served thereby. In addition, any member of the cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members or 200, 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 him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal may be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Cooperative 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 issuance 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 executive 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
- (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 to him by the board.

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with the bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all

documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) keeping a register of the names and post office addresses of all members;

(e) signing, with the President, certificates of membership, the issue of which shall have been authorized by the board or the members;

(f) keeping on file at all times a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to each member; and

(g) in general performing all duties incident to the office of Secretary and such other duties as from time-to-time may be assigned to him by the board.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

(a) custody of all funds and securities of the Cooperative;

(b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and (c) the general performance of all duties incident to the office of Treasurer and such other duties as from time-to-time may be assigned to him 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 Cooperative. The manager shall perform such duties and shall exercise such authority as the board may from time-to-time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded 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 be bonded 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 bylaws with respect to compensation for a board member and close relatives of a board member.

SECTION 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 condition of the Cooperative at the close of such fiscal year.

ARTICLE VII: NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall 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 cooperative on any capital furnished by its patrons. The term "patron" means a member or any other non-member receiving services from the Cooperative and to whom the cooperative is obligated to allocate capital credits, as provided herein, which obligation existed before the Cooperative received payment for such services. A non-member of the Cooperative, notwithstanding anything to the contrary herein, shall not be considered a patron unless and until the Board passes a written resolution or policy authorizing the Cooperative to treat such non-member as a patron.

SECTION 2. Patronage Capital in Connection with Furnishing Telephone and Other Communication Services.

(a) Patronage Earnings. In the furnishing of telephone and other communication services the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to allocate on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telephone and other communication services in excess of operating costs and expenses properly chargeable against the furnishing of telephone and other communication services. Allocations to patrons shall be made solely in each patron's name as shown on the Cooperative's books and records. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account of each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative 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 Cooperative shall within reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to this 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 Cooperative corresponding amounts for capital. For purposes of this Article, patronage earnings are all amounts received and receivable from the furnishing of telephone and other communication services for which the Cooperative is obligated to make an allocation of patronage and non-patronage earnings are all other amounts.

(b) Non-Patronage Earnings. All other amounts received by the Cooperative, including non-patronage earnings and distributions received from subsidiaries and affiliated entities, in excess of costs and expenses chargeable thereto shall, insofar permitted by law, be:

- i. Used to offset any losses incurred during the current or any prior fiscal year, or

ii. To the extent not needed for that purpose, transferred into reserve accounts for early retirement of debt, construction of plant facilities that will improve services to the members, or any other purpose for which reserve accounts may be created, or

iii. To the extent not needed for that purpose, and only if approved by Board resolution allocated to patrons on a patronage basis, and any amount allocated shall be allocated as capital credits to the capital accounts of patrons in the same manner and under the same terms as provided herein with respect to the allocation of patronage of patronage earnings.

(c) Losses. To the extent the Cooperative incurs a loss, the Board may elect to: (i) allocate such loss, or portion thereof, to patrons on a patronage basis in the same manner as provided herein with respect to the allocation of patronage of patronage earnings, unless such allocations violates any law or legal obligation of the Cooperative; or (ii) offset such loss, or portion thereof, against patronage earnings or non-patronage earnings generated in succeeding fiscal years, unless such offsetting violates any law or legal obligation of the Cooperative. The Cooperative may determine losses with respect to specific service units, such as telephone service, other communications services, or other services.

(d) Use of Unretired Funds. The Cooperative may use or invest unretired Capital Credits and other capital as determined by the Board.

(e) Retirement of Capital Credits. 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. 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 credited to patrons' accounts may be retired in full or in part. Notwithstanding any provision herein, the Board has complete discretion in determining the timing, method, and type of retirement of capital credits, as well as the effect any potential retirement would have on the financial condition of the Cooperative.

(f) Failure to Claim Capital Credits. Except as otherwise provided herein, all retirements of Capital Credits shall be paid to the patron or former patron whose name is shown in the Cooperative's books and records. At all times, patrons and former patrons shall continuously update their addresses with the Cooperative, and they acknowledge that the failure to do so may result in not receiving payment of retired capital credits. The Board may impose a reasonable periodic dormancy or service charge, in accordance with applicable law, if a patron or former patron fails to receive and claim retired capital credits. The Cooperative may mail notice of any retired capital credits to the last-known address of the patron or former patron involved as recorded on the records of the Cooperative and said mailing shall be evidence of a bona fide attempt to deliver the same to the patron or former patron. When the notice to the patron or former patron of these amounts has been returned by the U.S. mail and the amounts have not been called for, after five (5) years, the amounts involved may be placed in the income of the Cooperative for the year in which such determination is made and redistributed to the patrons of that year.

(g) Accelerated Retirement – Generally. As determined by the Board, before the time the Cooperative anticipates normally retiring and paying capital credits, the Cooperative may, in the Board’s sole discretion, retire some or all capital credits, and pay the net present value thereof. In such case, the Board shall specify a reasonable discount, rate discount period, and any other factor necessary to determine such net present value. The Board shall have the sole discretion in establishing the method of distributing retired capital credits including, but not limited to, offsetting amounts owed to the Cooperative by patrons by bill or account credit against amounts owed to the Cooperative.

(h) Right to Set-Off. Accelerated Retirement for Delinquent Accounts. Regardless of a statute of limitation or other time limitation, the Cooperative may recover, offset, or setoff an amount owed by a patron or former patron to the Cooperative, including any compounded interest and late payment fee, by reducing the amount of retired capital credits paid to the patron or former patron by the amount owed to the Cooperative. If permitted by applicable laws, the Board, in its sole discretion, may elect to retire capital credits of a current or former patron with a delinquent account before the time the Cooperative anticipates normally retiring and paying capital credits, and in such case the provisions hereof for accelerated retirement shall apply.

(i) Assignment of Capital Credits. Capital credited to the account of each patron shall be assignable only to the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest unless the board acting under policies of general application, shall determine otherwise.

(j) Accelerated Retirement of Deceased Natural Persons’ Capital Credits. Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time upon death of any patron, if the legal representatives of his estate, or other authorized individual pursuant to order of a court of competent jurisdiction, shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board, acting under policies of general application, and the legal representatives of such patron’s estate shall agree upon; proceeded, however, that the financial condition of the Cooperative will not be impaired thereby. The Board may specify a form required for any such acceleration of retirement and may require any person receiving retired capital credits of a deceased patron or former patron to execute an agreement to indemnify the Cooperative against future claims for such retired capital credits or any other loss or threatened loss related to the payment of retired capital credits to such person.

(k) Accelerated Retirement Methods. When any provision hereof authorizes discounted retirement of capital credits, the Board is authorized to determine the applicable capital rotation period, the discount rate, and any other factor relevant to calculating the discounted value of capital credits. The Cooperative’s payment of specially retired capital credits in regard to a deceased patron on a discounted basis as provided hereunder, shall constitute a full and final settlement and discharge of any right to the full face value of such capital credits. Unless otherwise provided by Board resolution, the difference between the full face value of the capital credits and the discounted value of such capital credits

determined for purposes of special retirement shall be deemed

(i) received by the deceased patron, and

(ii) immediately contributed to the Cooperative in exchange for a new equity interest in the Cooperative that is payable only upon dissolution of the Cooperative and that shall entitle the holder to no interest, rate of return, or dividends.

(l) Uncertain Entitlement. If the Cooperative is uncertain about a person's entitlement to retired capital credits (such as when a person is not identified as a patron or former patron on the books and records of the Cooperative), it may withhold such retired capital credits until such person provides adequate documentation to the satisfaction of the Cooperative that such person is entitled to receive such retired capital credits. In such cases, the Cooperative may also require, among other things, such person to execute an agreement to indemnify the Cooperative against future claims for such retired capital credits or any other loss or threatened loss related to the payment of retired capital credits to such person.

(m) De Minimis Amounts. When the amount of capital credits of any patron or former patron that no longer receives service from the Cooperative is less than a fixed sum determined by the Board, the Board is authorized to retire such capital credits at the same time that a general retirement to other patrons is made.

SECTION 3. Agreement of Patrons and Former Patrons. Each patron and former patron of the Cooperative agrees that:

(a) Capital Credits are not securities under state or federal law;

(b) The patron's or former patron's right to capital credits vests and becomes payable only upon the Cooperative retiring the capital credits as provided in these bylaws, and not upon the Cooperative allocating the Capital Credits; and

(c) If required by applicable law, each patron or former patron is responsible for and will report all allocated or retired capital credits and pay any appropriate tax thereon.

SECTION 4. Effect of Bylaws. The patrons 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 between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually bound by such contract, as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office and posting on the Cooperative's website.

ARTICLE VIII: DISPOSITION OF PROPERTY

The Cooperative 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 members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, 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; provided, however, that notwithstanding anything herein contained, the board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof; provided further that the board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

ARTICLE IX: SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal State of Kentucky".

ARTICLE X: FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these bylaws, 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 Cooperative, 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 Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time-to-time be determined by resolution of the board.

SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time-to-time to the credit of the Cooperative in such bank or banks as the board may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety days prior to the date upon which the proposed change in rates charged by the Cooperative for telephone service becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative 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 Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the board members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase provided, however, that the Cooperative may, upon the authorization of the board, purchase stock in or become a member of any corporation or organization subject to ratification of such act at their next meeting.

SECTION 2. Waiver of Notice. Any member or board member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules, and Regulations. The board shall have power to make and adopt such policies, 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 affairs of the Cooperative.

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 the Rural Utilities Service of the United States of America. The board shall also cause to be made by a certified public accountant a full and complete annual audit of the accounts, books, and financial condition of the Cooperative. The results of such audit shall be reported to the members at the next following annual meeting.

SECTION 5. Area Coverage. The board shall make diligent effort to see that telephone service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII: AMENDMENTS

These bylaws may be altered, amended or repealed by the directors 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: AMENDMENTS

That the duration of the corporation is, and shall be, perpetual.

* Article I Section 1, Article I Section 3, Article III Section 4, Article III Section 5, Article IV Section 3, Article IV Section 4.

* Amended at Annual Meeting October 15, 1983.

Article XIII Added at Annual Meeting October 20, 1990. Article III Section 3 and Article IV Section 4 amended at regular meeting of the directors April 09, 2001.

ARTICLES OF INCORPORATION OF PEOPLES RURAL TELEPHONE COOPERATIVE CORPORATION
INCORPORATED

We, the undersigned, being natural persons and citizens of the Commonwealth of Kentucky do hereby execute these articles of incorporation for the purpose of organizing a nonprofit cooperative corporation (herein called the "Cooperative") under the laws of the Commonwealth of Kentucky, pursuant to an Act entitled "AN ACT relating to telephone cooperative, non-profit corporations, rural telephones and telephone services" approved March 25, 1950.

FIRST, the name of the Cooperative is Peoples Rural Telephone Cooperative Corporation, Inc.

SECOND, the address of the principal office of the Cooperative is McKee, Jackson County, Kentucky. H. W. Tussey, McKee, KY., is the process agent.

THIRD, the names and addresses of the incorporators of the Cooperative are:

Names	Addresses
H. W. Tussey	McKee, Kentucky
Bruce Hays	McKee, Kentucky
Alfred Oppeneer	Annville, Kentucky
Jesse J. Smith	Clover Bottom, Kentucky
D. W. Barrett	Booneville, Kentucky
Joe T. Morgan	Booneville, Kentucky
Pleas Turner	Booneville, Kentucky

FOURTH, the names and addresses of the persons who shall constitute the first Board of Trustees of the Cooperative are:

Names	Addresses
H. W. Tussey	McKee, Kentucky
Bruce Hays	McKee, Kentucky
Alfred Oppeneer	Annville, Kentucky

Jesse J. Smith	Clover Bottom, Kentucky
D. W. Barrett	Booneville, Kentucky
Joe T. Morgan	Booneville, Kentucky
Pleas Turner	Booneville, Kentucky

FIFTH, the operations of the Cooperative are to be conducted in the Counties of Jackson and Owsley, and in such other counties as such operations may from time-to-time become necessary or desirable in the interest of this Cooperative or of its members. IN TESTIMONY WHEREOF we have hereunto subscribed our names this 30th day of November, 1950.

H. W. Tussey

Bruce Hays

Alfred Oppeneer

Jesse J. Smith

D. W. Barrett

Joe T. Morgan

Pleas Turner

STATE OF KENTUCKY
SCT
COUNTY OF JACKSON

I, Elmer Cunagin, notary public in and for the County and State aforesaid, hereby certify that the foregoing Articles of Incorporation of the Peoples Rural Telephone Cooperative Corporation, Inc., were this day produced to me by H. W. Tussey, Bruce Hays, Alfred Oppeneer, Jesse J. Smith, D. W. Barrett, Joe T. Morgan and Pleas Turner, and acknowledged and delivered by said parties to be their act and deed, and the act and deed of each of them.

This the 30th day of November, 1950

Elmer Cunagin

Notary Public

My Commission expires November 1, 1953.