

Summary of Proposed Changes to the Bylaws
of
Kanokla Telephone Association

Article I, Section 1.4

Elimination of redundant language regarding members providing capital to Kanokla (see Article VIII, Section 8.2)

Article II, Section 2.1

Clarification that termination of membership does not release rights to capital credits earned before termination.

Article III, Section 3.6

Correction of the use of “patron” where “member” is appropriate.

Article VIII, Sections 8.1 and 8.2

The proposed changes to this Article will enable Kanokla to treat revenue received by some non-member customers in excess of the cost of service as capital provided to the corporation, in the same way that it currently treats such revenue from members. There are significant tax advantages to this approach. To accomplish this objective the changes:

- Define the term “patron” to include both non-member and member customers who provide capital to Kanokla and receive capital credits, as determined by the Board.
- Clarify that non-member patrons have no governance rights in Kanokla
- Clarify that classes of patrons can be created in the same way that classes of members are.
- Modify references to “members” in connection with capital credits to “patrons” throughout the Article.

General

Additional non-substantive, spelling, grammatical and typographical corrections were made throughout the Bylaws.