

ATTENTION: IMPORTANT NOTICE CONCERNING YOUR LOCAL TELEPHONE SERVICE.

Pursuant to recent changes to Iowa statutes as the result of passage of Senate File 2195, we are providing you with this Notice to inform you of certain changes to our terms and conditions for local telephone service. This Notice is not notice of a rate increase, and our rates for local service are not changing at this time. If you have any questions concerning this notice, please contact us at 712-379-3001.

TERMS OF SERVICE. The terms and conditions governing local telephone service provided by Farmers Telephone Company (the “**Company**”) are changing. Effective October 31, 2014 (the “**Effective Date**”), the Company’s local exchange services will no longer be governed by tariff, but will instead be governed by the enclosed Standard Agreement for Local Exchange Service and our other Terms of Service, which are described in this Notice. **If you continue to use local telephone service following the Effective Date, your use of service will be governed by the Terms of Service contained in our *Services Catalog*.** Our Terms of Service cancel and supersede (i) the Company’s Local Services Tariff previously filed with and approved by the Iowa Utilities Board and (ii) any terms and conditions of service published by the Company and effective prior to the Effective Date.

ACCEPTANCE. IF YOU WISH TO ACCEPT OUR TERMS OF SERVICE AND CONTINUE RECEIVING LOCAL TELEPHONE SERVICE FROM THE COMPANY, YOU NEED NOT TAKE ANY ACTION. Acceptance of our Terms of Service occurs upon any of the following: (a) you provide a written or electronic signature expressly accepting; (b) you orally or electronically order and/or activate local telephone service, following the Effective Date; or (c) you use local telephone service, following the Effective Date. IF YOU WISH TO REJECT OUR TERMS OF SERVICE, PLEASE NOTIFY US PRIOR TO THE EFFECTIVE DATE, AND WE WILL CANCEL YOUR SERVICE ORDER OR DISCONNECT YOUR LOCAL TELEPHONE SERVICE. If you elect to cancel service, you will be responsible for all usage charges, non-recurring charges, and early termination charges applicable to your services and the pro rata portion of service charges incurred prior to the effective date of the cancellation.

WHY ARE TERMS OF SERVICE REQUIRED? Previously, the Company provided local exchange services and facilities pursuant to a Local Services Tariff filed with and approved by the Iowa Utilities Board. As a result of recent changes to applicable law and regulations, the Company will no longer file a Local Services Tariff with the Iowa Utilities Board. As of the Effective Date, we will provide Service pursuant the “**Terms of Services**” identified in our *Services Catalog* which include the following documents, each as may be amended or modified from time to time as provided therein:

- (a) Our Standard Agreement for Local Exchange Service;
- (b) Our Rules and Regulations for Local Exchange Service;
- (c) Our Service Guide – Local Exchange Service;
- (d) Our Service Guide – General Exchange Service; and
- (e) Our Rate Schedules.

HOW CAN I OBTAIN A COPY OF YOUR TERMS OF SERVICE? A copy of our Standard Agreement for Local Exchange Service is enclosed. The Terms of Service are contained in our *Services Catalog* which is available at the Company’s office, on the Company’s website www.ftciowa.com or by email or U.S. Mail upon request.

CHANGES TO RATES OR TERMS OF SERVICE. We may change rates, terms and conditions or other provisions in our *Services Catalog* at any time by giving you notice as required by law. We may decrease prices without prior notice. Notice of increases to the prices or material changes to the Terms of Service will be given to affected customers. The notice may be provided on your monthly bill, as a bill insert, by email, on our website, or by other written communication or notice as permitted or required by applicable law or regulation. If you elect not to cancel your service and continue to use service after the communicated effective date of any such changes, your continued use of service will constitute acceptance of the modified Terms of Service.