

AGREEMENT BETWEEN
SOUTH CENTRAL RURAL TELEPHONE COOPERATIVE CORPORATION INC.
AND
UNIVERSAL TELECOM, INC.

REGARDING THE SALE OF CERTAIN TELECOMMUNICATIONS SERVICES OF
SOUTH CENTRAL RURAL TELEPHONE COOPERATIVE CORPORATION, INC.
TO
UNIVERSAL TELECOM, INC.
FOR THE PURPOSE OF RESALE

THIS AGREEMENT is by and between South Central Rural Telephone Cooperative Corporation, Inc., ("SCRTC"), a Kentucky corporation, and Universal Telecom, Inc., ("Universal"), a Kentucky corporation. This Agreement may refer to either SCRTC or Universal as a "Party" or to both SCRTC and Universal as the "Parties".

WITNESSETH:

WHEREAS, SCRTC is a local exchange carrier (LEC) authorized to provide telecommunications services in the Commonwealth of Kentucky; and

WHEREAS, Universal is or seeks to become a non-facilities-based competitive local exchange carrier (CLEC) authorized to provide telecommunications services in the Commonwealth of Kentucky; and

WHEREAS, Universal desires to resell certain retail, end-user telecommunications services of SCRTC; and

WHEREAS, SCRTC had agreed to provide such services to Universal for resale purposes pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SCRTC and Universal hereby agree as follows:

I. TERM OF AGREEMENT

This agreement shall be effective 30 days following approval by the Commission. Upon effectiveness, the term of this Agreement shall be two (2) years and shall automatically renew for an additional one (1) year term unless and until terminated as provided herein. Either Party may terminate this Agreement by providing written notice of termination to the other Party, such written notice to be provided at least (90) days in advance of the date of termination. Upon termination of this Agreement in accordance with this Section: (a) each Party shall comply immediately with its obligations set forth herein; (b) Universal shall promptly pay all amounts (including any late payment charges) owed under this Agreement; and (c) Universal's indemnification obligations shall survive termination of this Agreement.

II. DEFINITION OF TERMS

A. CUSTOMER OF RECORD means the person or entity responsible for placing applications for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as non-recurring, monthly recurring, toll, directory assistance, etc.

B. COMMISSION means the Kentucky Public Service Commission.

C. DEPOSIT means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by SCRTC.

D. ENHANCED 911 SERVICE (E911) is a method of routing 911 calls to a Public Service Answering Point ("PSAP") that uses a customer location database to determine the location to which a call should be routed. Enhanced 911 includes the forwarding of the caller's Automatic Number Identification ("ANI") to the PSAP where the ANI is used to retrieve and display the Automatic Location Identification ("ALI") on a terminal screen at the answering attendant's position.

E. END USER means the ultimate user of the telecommunications services.

F. END USER CUSTOMER LOCATION means the physical location of the premises where an end user makes use of the telecommunications services.

G. 911 SERVICE means a universal telephone number, which gives the public direct access to a PSAP. Basic 911 service without ANI/ALI data or Enhanced 911 service with ANI/ALI data also means 911 service.

H. COMPETITIVE LOCAL EXCHANGE COMPANY ("CLEC") means a company certified by the Commission to provide local exchange service within ILEC service area.

I. PUBLIC SAFETY ANSWERING POINT or "PSAP" means an answering location for 911 calls originating in a given area. A PSAP may be designated as Primary or Secondary, which refers to the order in which calls are directed for answering. Primary PSAP's respond first; Secondary PSAP's receive calls on a transfer basis only, and generally serve as a centralized answering location for a particular type of emergency call. PSAP's are staffed by employees of Emergency Response Agencies such as police, fire or emergency medical agencies or by employees of a common bureau serving a group of such entities.

J. RESALE means an activity wherein a certificated CLEC, such as Universal subscribes to the telecommunications services of SCRTC and then reoffers those telecommunications services to the public with or without adding value.

K. RESALE SERVICE AREA means the area as defined in the certificate of public convenience and necessity issued by the Commission, within which a CLEC may offer resold local exchange telecommunications services of the ILEC.

L. TARIFF means any applicable federal or state tariff of a Party that sets forth the generally available terms and conditions under which a Party offers a particular service, facility, or arrangement.

M. TELECOMMUNICATIONS SERVICE means the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

N. TELECOMMUNICATIONS means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received.

O. ACT means the Telecommunications Act of 1996, publication 104-104 of United States Congress, which amended the Communication Act of 1934.

III. GENERAL PROVISIONS

A. Universal may resell the tariffed basic local exchange telecommunication services offered to end users of SCRTC pursuant to the General Subscriber Service Tariff and federal tariffs applicable to end users (referred to herein individually and collectively as "General Subscriber Service Tariffs") subject to the terms, conditions and exceptions specifically set forth herein. The services that are available for resale are those local exchange and basic telecommunications services provided by SCRTC and offered by SCRTC on a retail basis to end users in accordance with application of state and federal tariffs subject to the exclusions and limitations on services available for resale as set forth in Exhibit A.

B. SCRTC shall make available telecommunications services for resale to Universal at the same rates, minus any applicable resale discount contained in Exhibit A of this Agreement, that SCRTC makes telecommunications services available on a retail basis to end users as set forth in the tariffs described above and according to the terms and conditions specifically set forth herein. The terms and conditions above of SCRTC General Subscriber Service Tariffs, together with any and all subsequent revisions and modifications to such tariffs, are

incorporated herein by reference and govern the provision of service by SCRTC to Universal except as specifically set forth in this Agreement. If any provision of this Agreement cannot be reasonably constructed or interpreted to avoid conflict with the General Subscriber Service Tariffs or other Tariffs referenced in this Section, the Parties agree that the provisions contained in this Agreement shall prevail.

C. The Parties reserve the right to seek relief and otherwise seek redress from each other regarding performance and implementation of this Agreement. Further, this Agreement is subject to change, modification, or cancellation as may be required by a regulatory authority or court in the exercise of its lawful jurisdiction. In the event that a regulatory authority or court rejects this Agreement in whole or in part, the Parties agree to meet and negotiate in good faith to arrive at a mutually acceptable modification of the rejected portion(s). Notwithstanding these mutual commitments, the Parties nevertheless enter into this Agreement without prejudice to any positions they have taken previously, or may take in the future in any legislative, regulatory, or other public forum addressing any matters, including matters related specifically to this Agreement or other types of arrangements prescribed in this Agreement. SCRTC reserves all rights to pursue any and all legal and/or equitable remedies, including appeals of any decisions that affect the terms and conditions of this Agreement. The Parties agree that it is in their mutual interest to seek approval of this Agreement, and the parties will file this Agreement with the Commission. The filing of this Agreement does not create obligations for either Party under the Act that do not otherwise apply.

D. The provision of services by SCRTC to Universal does not constitute a joint undertaking for the furnishing of any service. Neither this Agreement, nor any actions taken by either party shall be deemed to create an agency or joint venture relationship between the Parties, or any relationship. Neither this Agreement, nor any actions taken by either Party in compliance with this Agreement, shall create an agency, or any other type of relationship or third party liability between the Parties or between either Party and the customers of the other Party. This Agreement is for the sole benefit of the Parties, and nothing herein express or implied shall create or be construed to create any third-party beneficiary rights hereunder. Nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party or to

assume any responsibility for the management or operation of the other Party's business.

E. Universal will be the customer of record for all services purchased from SCRTC. Except as specified herein, SCRTC will take orders from, bill and receive payment from Universal for all services.

F. Universal will be designate employees of Universal that will be SCRTC's single point of contact for all services purchased by Universal pursuant to this Agreement. SCRTC shall have no contact with the end user except to the extent provided for herein.

G. SCRTC may continue to bill the end user for other access lines or any other services that the end user specifies it wishes to receive directly from SCRTC.

H. SCRTC maintains the right to serve directly any end user within the service area of SCRTC. SCRTC will continue to market directly its own telecommunications products and services and in so doing may establish independent relationship with end users of Universal.

I. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.

J. Universal end user may normally retain current telephone numbers, however, telephone numbers assigned pursuant to this Agreement are otherwise the property of SCRTC and are assigned to the service furnished by SCRTC. Universal or end user has no property right to the telephone number or any other call number designation associated with services furnished by SCRTC, and no right to the continuance of service through any particular central office code, area code or telephone number. SCRTC reserves the right to change such numbers, or the central office/area code designation associated with such numbers, or both, whenever SCRTC deems it necessary to do so in the conduct of its business, subject to change, modification, or cancellation as may be required by a regulatory authority or court in the exercise of its lawful jurisdiction.

K. Service is furnished subject to the condition that it will not be used for any unlawful purpose.

L. Service will be discontinued if any law enforcement agency advises that Universal or its end users are utilizing service in violation of the law.

M. SCRTC can refuse service when it reasonably believes that the service will be used in violation of the law.

N. SCRTC accepts no responsibility to any person for any unlawful act committed by Universal or its end users in conjunction with the provision of service to Universal for purposes of resale or otherwise.

O. Law enforcement agency subpoenas and court orders regarding end users of Universal will be directed to Universal. SCRTC will cooperate fully with law enforcement agencies, lawful subpoenas and court orders for lawful assistance with respect to the services provided to its customers. SCRTC will bill Universal the reasonable cost associated with any requirements for response to requests by law enforcement agencies regarding Universal end users.

P. The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than SCRTC shall not:

1. Interfere with or impair service over any facilities of SCRTC, its affiliates, or its connecting and concurring carriers involved in the delivery of SCRTC's services;
2. Cause damage to the plant of SCRTC;
3. Impair the privacy of any communications; or
4. Create hazards to any employees or the public.

Q. Universal assumes the responsibility of notifying SCRTC regarding less than standard operations with respect to services provided by Universal.

R. Facilities and/or equipment utilized by SCRTC to provide service to Universal remain the property of SCRTC.

S. White pages directory listings and directory assistance listings will be provided by SCRTC for Universal's end users in accordance with SCRTC's standard white pages listing and/or directory assistance tariff and procedures for such services including Unlisted (Semi-private) or Non-published (Private) number services. No yellow pages listings will be billed by SCRTC for Universal end users on behalf of Universal.

IV. SCRTC'S PROVISION OF SERVICES TO Universal

A. SCRTC's provision of services to Universal shall be limited to end users and uses conforming to any class of service restrictions in General Subscriber Service Tariffs (e.g., residential services cannot be provided to business customers, or lifeline services cannot be provided to resell customers).

B. In addition to the general terms and conditions in Section IV. A., above, the following specific terms and conditions apply with respect to services provided by SCRTC to Universal for resale:

1. If telephone service is established and it is subsequently determined that a class of service restriction has been violated, Universal will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, retroactive billing, and interest as described in this subsection shall apply at SCRTC's sole discretion. Interest at the higher of Commission authorized rate or 0.05 percent (0.0005) per day, compounded daily for the number of days from the back billing date to and including the date that Universal actually makes the payment to SCRTC, may be assessed.

2. SCRTC reserves the right to audit periodically the services purchased by Universal to establish authenticity of use. Such audit shall not occur more than twice in a calendar year. Universal shall make any and all records and data available to SCRTC or to SCRTC's auditors on a reasonable basis. SCRTC shall bear the cost of any such audit, unless discrepancies are found in the authenticity of use, in which case Universal shall be responsible for the cost of the audit.

C. A service resold by Universal can only be used in the manner specified in SCRTC's General Subscriber Service Tariffs. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of SCRTC. Special tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Special tariff features, e.g. an allowance per customer premises location, shall not be aggregated across multiple resold customers or multiple premises. Resold services cannot be used to aggregate traffic from more than one end user customer.

D. Universal may only resell services available from SCRTC within SCRTC's service area and only within the specific resale service area as defined in Universal's certificate.

E. Telephone numbers transmitted via any service feature are intended solely for the use of the end user of the feature. The resale of this information is prohibited.

F. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Universal is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any SCRTC name or trademark.

G. Services available for resale may not be used by Universal to provide access to the local network as an alternative to tariffed switch and special access by other carriers including, but not limited to, interexchange carriers, wireless carriers, competitive access providers, information service providers (including, but not limited to, Internet service providers), other CLEC or other retail telecommunications providers. Universal will not use call forwarding services, or any other services, obtained under this Agreement to route calls to a traffic accumulator for the purpose of transporting traffic that would otherwise be toll traffic, nor can the call forwarding or other service features be used as a means to implement number portability under this Agreement.

V. MAINTENANCE OF SERVICES

A. Universal will adopt and adhere to the standards of SCRTC regarding maintenance and installation of service.

B. All facilities and equipment operated by SCRTC to provide telecommunications services to Universal for resale shall be maintained by SCRTC.

C. Universal or its end user may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by SCRTC, other than by connection or disconnection to any end user interface means used, except with the written consent of SCRTC.

D. Universal accepts responsibility to notify SCRTC of situations that arise that may result in a service problem.

E. Universal shall designate its employees that will be SCRTC's single point of contact for all repair calls on behalf of Universal's end users. Universal will contact SCRTC for repair purposes using SCRTC's established repair notification procedures. Universal will contact the appropriate repair center in accordance with the procedures established by SCRTC. Universal will provide to SCRTC a telephone number that is toll-free to SCRTC for SCRTC to use in contacting Universal with respect to all service and repair orders and other orders related to the subject matter of this Agreement.

F. For all repair requests, Universal accepts responsibility for adhering to any prescreening guidelines that SCRTC may establish prior to referring trouble to SCRTC.

G. SCRTC will bill Universal pursuant to SCRTC's standard time and material charges for handling trouble that is found not to be in SCRTC's network. The standard time and materials charges will be no more than SCRTC charges to its retail customers for the same services.

H. SCRTC reserves the right to contact Universal's customers, if deemed necessary, for maintenance purposes.

VI. ESTABLISHMENT OF SERVICE

A. Prior to the establishment of service, Universal will provide to SCRTC documentation of its certification as a CLEC from the appropriate regulatory agency. Such documentation shall include proof of authority to provide telecommunications services and a tax exemption certificate, if applicable. After the deposit requirements established pursuant to this Agreement are met, within 30 days SCRTC will begin receiving orders from Universal for services to be resold and necessary communications approval.

B. Service orders will be in a standard format designated by SCRTC.

C. Universal is responsible for providing complete and accurate end-user listing information to SCRTC for white page directory information, Directory Assistance, and information for Basic 911/Enhanced 911 emergency services purposes using procedures established by SCRTC. Universal must provide all information or data required by SCRTC for purposes of 911 service prior to establishment of service. Universal warrants that the 911 service information Universal provides to SCRTC is accurate and will be maintained and updated during the entire period in which service is provided to Universal's customers pursuant to this Agreement.

D. Services and service order activity in response to service ordered by Universal will conform to standard service order intervals for the appropriate class of service.

E. SCRTC will not require end user confirmation prior to establishing services for Universal's end user customer if SCRTC or a local service provider other than Universal does not currently service the end customer. Universal must, however, be able to demonstrate end user authorization upon request in all cases. A Letter of Authorization ("LOA") will be required from Universal before resold services will be provided in cases in which the subscriber currently receives services from SCRTC or from a local service provider other than Universal. Such LOA shall be a written form as agreed upon between SCRTC and Universal but, in any case, will require signature of the end user customer.

F. Universal will be the single point of contact with SCRTC for all subsequent ordering activity resulting in additions or changes to resold services except that SCRTC will accept a request directly from the end user for conversion of the end

user's service from Universal to SCRTC or will accept a LOA from another CLEC for conversion of the end user's service from Universal to the other CLEC.

G. If SCRTC determines that an unauthorized change in local service to Universal has occurred, including, but not limited to, notification from the end user that the end user did not authorize Universal to provide local exchange services to the end user, Universal must provide SCRTC with written documentation of authorization from that end user within three (3) Business Days of notification by SCRTC. If Universal cannot provide written documentation authorization within such time frame, SCRTC will reestablish service with the appropriate local service provider, and Universal must within three (3) Business Days provide any end user information or billing records Universal had obtained relating to the end user to the LEC previously serving the end user. If Universal cannot provide written documentation of authorization within such time frame, SCRTC will invoice Universal for any and all costs for returning the end user's service to the end user's previous local exchange provider.

H. SCRTC may, in order to safeguard its interest, require Universal to make a deposit to be held by SCRTC as a guarantee of the payment of rates and charges. Any such deposit to be held during the continuation of the service as security for the payment of any and all amounts accruing for the service. Such deposit may not exceed two month's estimated billing as set forth in SCRTC's General Subscriber Service Tariffs. The fact that a deposit had been made in no way relieves Universal from complying with SCRTC's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of SCRTC providing for the discontinuance of service for non-payment of any sums due SCRTC. SCRTC reserves the right to increase the deposit requirements at anytime when, in its sole judgment, the conditions justify such action.

I. In the event that Universal defaults on its accounts, service to Universal will be terminated and any deposits will be applied to its accounts. In the event of default, SCRTC may, at its sole discretion, directly provide service to affected end users to avoid service interruption provided, however, that this option does not require SCRTC to do so.

J. In the case of a cash deposit, interest at a rate as set forth in the appropriate SCRTC tariff governing end-user deposits shall be paid to Universal during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to Universal by the accrual date.

VII. PAYMENT AND BILLING ARRANGEMENTS

A. SCRTC at its sole discretion, and consistent with its normal billing cycles, will establish invoices to Universal for all resold services provided. Under no circumstances will SCRTC be required to provide separate bills to Universal for its end user customer lines.

B. SCRTC shall bill Universal on a current basis all applicable charges and credits.

C. Payment of all charges will be the responsibility of Universal. Universal shall make payment to SCRTC for all services billed. SCRTC is not responsible for payment not received by Universal from Universal's customers. SCRTC will not become involved in billing disputes that may arise between Universal and its customers. Payments made by Universal to SCRTC as payment on account will be credited to Universal's accounts receivable and not to an end user's account.

D. SCRTC will render bills for service each month to Universal according to SCRTC's chosen bill cycles.

E. SCRTC will bill Universal, in advance, charges for all services to be provided during the ensuing billing period except any charges specified in the General Subscriber Service Tariffs to be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowance. SCRTC will also bill all charges, including but not limited to, 911 charges, Kentucky Lifeline Support charges, telecommunications relay charges, end user access charges and franchise fees, to Universal.

F. The payment will be due according to the payment terms and conditions set forth in SCRTC's General Subscriber Service Tariffs and is payable in immediately available funds. Payment is considered to have been made when received by SCRTC. If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on a Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day proceeding such Saturday or Holiday.

G. Each Party purchasing services hereunder shall pay or otherwise be responsible for all federal, state, local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges levied against or upon such purchasing Party (or the providing Party when such providing Party is permitted to pass along to the purchasing Party such taxes, fees or

surcharges), except for any tax on either Party's corporate existence, status or income. Whenever possible, that amount shall be billed as a separate item on the invoice. To the extent a sale is claimed to be for resale tax exemption, the purchasing Party shall furnish the providing Party a proper resale tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale tax exemption. Failure to timely provide said resale tax exemption certificate will result in no exemption being available to the purchasing Party. Universal will be solely responsible for the computation, tracking, reporting and payment of all federal, state, and/or local jurisdiction taxes associated with the services resold to the end user.

H. As the customer of record, Universal will be responsible for, and remit to SCRTC, all charges applicable for 911 fees, Kentucky Lifeline Support charges, Telecommunications Relay Services (TRS) and end user access charges as well as any other charges of a similar nature.

I. Any switched access charges associated with interexchange carrier (IXC) access for the resold local exchange lines will be billed by, be due to, and be retained by SCRTC.

J. SCRTC will not perform billing and collection services for Universal with respect to billing of, and collection from, Universal's end user.

K. If any portion of the payment is received by SCRTC after the payment date as set forth above, then a late payment penalty charge shall be due to SCRTC from Universal. The late payment penalty charge shall be as specified in the General Subscriber Service Tariffs of SCRTC.

L. Pursuant to Federal rules, SCRTC will bill Universal all charges applicable to end users including end user common line charges and any other Federal tariffed charges that are applied to end users. These charges will be applied in the same manner as SCRTC bills these charges to its end users.

M. In general, SCRTC will not become involved in disputes between Universal and Universal's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of SCRTC, Universal shall contact SCRTC's designated customer service for resolution. SCRTC may assist in the resolution of the dispute and may work with Universal to resolve the matter in as timely a manner as possible. SCRTC will bill Universal the reasonable costs associated with assistance in the resolution of any dispute. Universal may be required to submit documentation to substantiate the claim.

VIII. DISCONTINUANCE OF SERVICE

A. The procedures for discontinuing service to an end user are as follows:

1. At the request of Universal, SCRTC will disconnect a Universal end user customer.
2. All requests by Universal for disconnection of an end user must be in writing.
3. Universal is solely responsible for notifying the end user of the proposed disconnection of the service.
4. Upon restoration of the end user's service, restoral charges will apply and will be responsibility of Universal.

B. The procedures for disconnecting service to Universal are as follows:

1. SCRTC reserves the right to suspend or terminate service for non-payment or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Universal of the rules and regulations of SCRTC's General Subscriber Service Tariffs. Universal is solely responsible to SCRTC for any such unlawful or improper conduct by Universal's customers.
2. If payment of account is not received according to the payment terms contained in SCRTC's General Subscriber Service Tariffs, SCRTC may provide written notice to Universal that additional applications for service will be refused and that any pending orders for service will not be completed until payment is received. If SCRTC does not refuse additional applications for service, and Universal's noncompliance continues, nothing contained herein shall preclude SCRTC's right to refuse additional applications for service without further notice.
3. If payment of account is not received according to the payment terms contained in SCRTC's General Subscriber Service Tariffs, the account will be considered in default and will be subject to denial or disconnection or both.
4. If Universal fails to comply with the provisions of this Agreement, including any payment to be made by it on the dates and times herein specified, SCRTC may, on thirty days written notice to the person designated by Universal to receive notice of noncompliance, discontinue the provision of existing services to Universal at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If SCRTC does not

discontinue the provision of the services involved on the date specified in the thirty days notice, and Universal's noncompliance continues, nothing contained herein shall preclude SCRTC's right to discontinue the provision of the services to Universal without further notice.

5. If payment is not received or arrangements made for payment by the date given in the written notification, Universal services will be discontinued. Upon discontinuance of service on Universal's account, service to Universal's end users will be denied. SCRTC will also reestablish service at the request of the end user or Universal upon payment of the appropriate connection fee and subject to SCRTC's normal application procedures. Universal is solely responsible for notifying the end user of the proposed disconnection of the service. Nothing herein, however, shall preclude SCRTC from providing notification to the end user and service to the end user.

IX. LIABILITY

A. The liability of SCRTC for damages arising out of mistakes, omissions, interruptions, preemptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by SCRTC, occurring in the course of furnishing service or other facilities and not caused by the negligence of Universal, or of SCRTC in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to Universal for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or other injury, including but not limited to injuries to persons or property from voltage or currents transmitted over the service of SCRTC, (1) caused by customer-provided equipment (except where a contributing cause is the malfunction of a SCRTC-provided connecting arrangement, in which event the liability of SCRTC shall not exceed an amount equal to a proportional amount of SCRTC billing for the period of service during which such mistakes, omissions, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had SCRTC-provided equipment been used.

B. SCRTC HEREBY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.

C. SCRTC shall be indemnified and saved harmless by Universal against any and all claims, actions, causes of action,

damages, liabilities, or demands (including the costs expenses and reasonable attorney's fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of SCRTC's furnishing of service to Universal.

D. SCRTC shall be indemnified and held harmless by Universal and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving:

1. Claims for libel, slander, and invasion of privacy or infringement of copyright arising from Universal's or end user's own communications.
2. Claims for patent infringement arising from acts combining or using SCRTC services in connection with facilities or equipment furnished by the end user or Universal.
3. Any and all other claims arising out of an act or omission of Universal or its end user in the course of using services.

E. Universal accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of this Agreement. SCRTC shall not be responsible for any failure on the part of Universal with respect to any end user of Universal, and Universal fully indemnifies SCRTC and holds SCRTC harmless with respect thereto.

F. Universal shall, in its tariffs or other contracts for services provided to its end users using services or facilities obtained from SCRTC, provide that in no case shall SCRTC be liable to Universal's end users or any third parties for any indirect, special or consequential damages, including, but not limited to, economic loss or lost business profits, whether foreseeable or not, and regardless of notification by Universal of the possibility of such damages, and Universal shall indemnify based on any reason whatsoever from its customers as provided in this Agreement. Nothing in this Agreement shall be deemed to create a third party beneficiary relationship with Universal's end users.

G. SCRTC is not liable for mistakes or omissions in telephone directory listings, Directory Assistance listings, 911 data and other information databases, or for incorrect referrals of end users to Universal for any ongoing Universal service, sales or repair inquiries, and with respect to such mistakes or incorrect referrals, Universal shall indemnify and hold SCRTC harmless from any and all claims, demands, causes of action and liabilities whatsoever, including costs, expenses and reasonable attorney's fees incurred on account thereof, by third parties, including Universal's end users or employees. For purposes of this subsection, mistakes and incorrect

referrals shall not include matter's arising out of the willful misconduct of SCRTC or its employees or agents.

X. TREATMENT OF PROPRIETARY AND CONFIDENTIAL INFORMATION

A. Both Parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including but not limited to, trade secret information, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "information"). Both Parties agree that all information shall either be in writing or other tangible format is communicated orally. It shall also be communicated that the information is confidential, private or proprietary. The information will be returned to the owner within a reasonable time. Both Parties agree that the information shall not be copied or reproduced in any form. Both parties agree to receive such information and not disclose such information. Both Parties agree to protect the information received from distribution, disclosure or dissemination to anyone except employees and duly authorized agents of the Parties with a need to know such information and which employees and duly authorized agents agree to be bound by the terms of this Section. Both Parties will use the same standard of care to protect information received, as they would use to protect their own confidential and proprietary information.

B. Both Parties represent and warrant that they will comply with all Privacy of Customer Information requirements pursuant to 47 USC 222 and any Customer Proprietary Network Information rules and regulations adopted to implement these requirements.

C. Notwithstanding the foregoing, both Parties agree that there will be no obligation to protect any portion of the information that is either: 1) made publicly available by the owner of the information or lawfully disclosed by a nonparty to the Agreement; 2) lawfully obtained from any source other than the owner of the information; or 3) previously known to the receiving Party without an obligation to keep it confidential.

XI. RESOLUTION OF DISPUTES

Any dispute between the Parties regarding the Interpretation or enforcement of this Agreement or any of its terms shall be addressed in the first instance by good faith negotiation between the Parties. Should such negotiations fail to resolve the dispute in a reasonable time, either Party may initiate an appropriate action in a regulatory or judicial forum of competent jurisdiction.

XII. LIMITATION OF USE

This Agreement does not obligate either Party to provide arrangements not specifically provided for herein. The Parties agree that this Agreement shall not be proffered by either Party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other Party in that jurisdiction or for any other purpose.

XIII. RURAL TELEPHONE COOPERATIVE CORPORATION MEMBERSHIP

Notwithstanding the provisions of SCRTC's bylaws, including but not limited to Article I ("Membership"), as amended by SCRTC from time to time, Universal shall under no circumstances be permitted to obtain a membership interest or any other interest in SCRTC by virtue of its purchase of telecommunications services from SCRTC. Universal's rights with respect to SCRTC shall be governed exclusively by the provisions of this agreement.

XIV. NON-WAIVER

Any failure by either Party to insist upon the strict performance by the other Party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement. The Parties recognize that SCRTC is a Rural Telephone Company and is entitled to all rights afforded Rural Telephone Companies under the Act including, but not limited to, exemptions, suspensions, and modifications under 47 USC § 251 (f). This Agreement does not affect, and SCRTC does not waive, any rights including, but not limited to, the rights afforded SCRTC under 47 USC § 251 (f).

XV. GOVERNING LAW

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Kentucky, without regard to its conflict of laws principles, and the bylaws of SCRTC, except as provided in Section XIII ("Rural Telephone Cooperative Corporation Membership") above, as amended by SCRTC from time to time.

XVI. JOINT WORK PRODUCT

This Agreement is the joint work product of the Parties and has been negotiated by the Parties and shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either Party.

XVII. NOTICES

Notices given by one party to the other Party under this Agreement shall be in writing and shall be (1) delivered personally, (2) delivered by express delivery service, or (3) mailed, certified mail or first class U.S. mail postage prepaid, return receipt requested to the following addresses of the Parties:

To: Daryl Wyatt
South Central RTC
P.O. 159
Glasgow, KY 42142-0159

To: David W. Wigginton
Universal Telecom, Inc.
P.O. 159
Lagrange, KY 40031

Or to such other address as either party shall designate by proper notice. Notices will be deemed given as of (1) the next business day, when notice is sent via personal delivery or express service; or (2) three calendar (3) days after mailing, in the case of first class or certified U.S. mail.

XVIII. AMENDMENTS

This Agreement may be amended at any time upon written agreement signed by authorized representative both Parties.

XIX. ENTIRE AGREEMENT

This Agreement sets forth the entire understanding and supersedes prior agreements between the Parties relating to the subject matter contained herein and merges all prior discussion between them, and neither Party shall be bound by any definitions, conditions, provisions, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the Party to be bound thereby.

XX.SURVIVAL

The Parties' obligations under this Agreement, which by their nature are intended to continue beyond the termination or expiration of this Agreement including, but not limited to, payments, liability, and treatment of proprietary and confidential information shall survive the termination or expiration of this Agreement.

XXI. SEVERABILITY

If any provision of this Agreement is held by a court or regulatory agency of competent jurisdiction to be unenforceable, the rest of the Agreement shall remain in full force and effect and shall not be affected unless removal of that provision results,

in the opinion of either Party, in a material change to this Agreement. If a material change as described in this paragraph occurs as a result of action by a court or regulatory agency, the Parties shall negotiate in good faith for replacement language that does not materially alter the economic effect of this Agreement on either Party. If replacement language cannot be agreed upon within a reasonable period, either Party may terminate this Agreement without penalty or liability for such termination upon written notice to the other Party.

XXII. INTERPRETATION AND CONSTRUCTION

The headings used in this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning of this Agreement.

XXIII. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

XXIII SPECIAL PROVISION

SCRTC is a rural carrier as defined by section 153(37) of the Telecommunications Act of 1996. Accordingly, SCRTC is exempt from certain provisions of that Act including the requirement that it provide retail services at a discount to local service resellers. Parties recognize that pursuant to that Act, Universal can request that SCRTC forego its rural exempt status by making a petition to the Commission and SCRTC can respond to that petition under the Act, including, but not limited, by making a showing as to why SCRTC should be allowed to retain its exemption and be precluded from providing certain services to Universal.

Despite the foregoing, Parties agree that it is in their mutual best interest at this time to negotiate this contract in good faith for the provision of services described herein. By doing so, however, SCRTC in no way concedes that its agreement to provide services to Universal waives its rights as an exempt rural carrier nor does this Agreement prejudice or prevent either party from challenging or defending the rural exemption status at any time.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of this _____ day of _____, 2001.

South Central Rural Telephone
Cooperative Corporation, Inc.

Universal Communications, Inc.

By _____

By _____

Printed Daryl Wyatt

Printed _____

Title General Manager

Title _____

Date _____

Date _____

Exhibit A

1. Resale Discount 9.60%
2. Restricted Services

The following services are not eligible for resale:

Lifeline
Link Up Kentucky

The following services are available for resale without discount:

Existing grandfathered services
Service promotions
Unregulated services

#55705.1