May 16, 2014

IN THE MATTER OF

THE SECURITIES LEGISLATION OF

ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK, NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, NOVA SCOTIA, NUNAVUT, ONTARIO, PRINCE EDWARD ISLAND, SASKATCHEWAN, AND YUKON

(THE "JURISDICTIONS")

AND

IN THE MATTER OF

THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF

OTELCO INC.

(THE "APPLICANT")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Makers**") has received an application from the Applicant for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the Applicant is not a reporting issuer in Canada (the "**Exemptive Relief Sought**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

a) the Ontario Securities Commission is the principal regulator for this application, and

b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 Definitions have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Applicant:

1. The Applicant is a company established under the laws of the State of Delaware.

2. The Applicant's head and registered office is located at 505 Third Avenue East, Oneonta, Alabama, 35121, USA.

3. The Applicant provides wireline telecommunications services in Alabama, Maine, Massachusetts, Missouri, New Hampshire, Vermont and West Virginia. The Applicant's services include local and long distance telephone, digital high-speed data lines, transport services, network access, cable television and other related services, including technology consulting, managed services and private/hybrid cloud hosting services.

4. The Applicant does not have operations in Canada.

5. The Applicant's issued capital consists of 2,870,948 Class A Common Stock and 232,780 shares of Class B Common Stock.

6. Prior to May 6, 2013, the Applicant had issued and outstanding income deposit securities ("IDS"), with each IDS consisting of one share of then-existing Common Stock and $7.50 principal amount of the Applicant's senior subordinated notes. The IDSs were initially listed on both the AMEX and the TSX when the Applicant completed its initial public offering in late December 2004, and in June 2008, the Applicant moved its listing from the AMEX to the NASDAQ, where it is currently traded. The IDS traded through to May 24, 2013 on the NASDAQ, at which point it stopped trading and the new stock initiated trading on the next trading day, which was May 28, 2013. As a result of the Applicant's initial public offering and listing of the IDS on the TSX, the Applicant became a reporting issuer in the Jurisdictions.

7. On March 24, 2013, the Applicant and each of its direct and indirect subsidiaries filed voluntary petitions for reorganization under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware in order to effectuate their joint prepackaged plan of reorganization (the "Plan").

8. On May 6, 2013, the United States Bankruptcy Court for the District of Delaware entered an order confirming the Plan and on May 24, 2013, upon satisfaction of the then-remaining conditions precedent, the Plan became effective.

9. Pursuant to the Plan, among other things, (A) the Applicant's outstanding senior subordinated notes, including the outstanding senior subordinated notes constituting part of the IDSs, were cancelled and the holders of such notes received their pro rata share of the Applicant's new (and now current) Class A Common Stock and (B) the Applicant's then-existing Common Stock were cancelled.

10. As a result of the Applicant's chapter 11 filings and the Plan, the Applicant notified and had discussions with the TSX. The Applicant agreed with the TSX that the Applicant's

securities be de-listed from the TSX, which formally occurred at the close of trading on June 10, 2013.

11. Subsequent to June 10, 2013, none of the Applicant's securities are (and the Applicant's current Class A Common Stock has never been) listed, traded or quoted on a marketplace in Canada as defined in National Instrument 21-101 – *Marketplace Operation* and the Applicant does not intend to have its securities listed, traded or quoted on such a marketplace in Canada.

12. The Applicant is not in default of any reporting or other requirement of the NASDAQ.

13. The Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

14. In support of the representations set forth in the paragraphs below concerning the percentage of outstanding securities and the total number of securityholders in Canada, the Applicant has made inquiries with the Depository Trust & Clearing Corporation and Broadridge Financial Solutions and has inspected its list of registered shareholders. Based upon these searches, the aggregate beneficial ownership of Class A Common Stock in Canada (broken down by Jurisdiction) as at October 22, 2013, 2014 is as follows:

    a. Alberta – 0 securityholders

    b. British Columbia – 7 securityholder holding 535 Class A Common Stock

    c. Manitoba – 0 securityholders

    d. New Brunswick – 0 securityholders

    e. Newfoundland and Labrador – 0 securityholders

    f. Northwest Territories – 0 securityholders

    g. Nova Scotia – 0 securityholders

    h. Nunavut – 0 securityholders

    i. Ontario – 63 securityholders holding 22,397 Class A Common Stock

    j. Prince Edward Island – 0 securityholders

    k. Quebec – 7 securityholders holding 2,550 Class A Common Stock

    l. Saskatchewan – 0 securityholders

    m. Yukon – 0 securityholders

    for a total of 77 shareholders beneficially owning an aggregate of 25,482 Class A Common Stock, representing approximately 0.9% of the total outstanding Class A Common Stock.

15. Residents of Canada do not, directly or indirectly, beneficially own more than 2% of each class or series of outstanding securities of the Applicant worldwide.

16. Residents of Canada do not, directly or indirectly, comprise more than 2% of the total number of securityholders of the Applicant worldwide.

17. Other than its Listing on the TSX which ended on June 10, 2013, in the past 12 months, the Applicant has not taken steps to create a market in Canada for the Class A Common Stock and, in particular, never offered securities to the public in Canada by way of a prospectus offering. The Applicant only attracted a *de minimus* number of Canadian investors and the daily average volume of trading of the Class A Common Stock in the 12 months prior to delisting from the TSX was approximately 1,570 shares, which accounted for approximately 0.9% of the Applicant's worldwide daily trading volumes. In contrast, the average daily volume on the AMEX and NASDAQ for the same period represented approximately 169,189 shares.

18. The Applicant files continuous disclosure reports under U.S. securities laws and follows the exchange requirements of the NASDAQ.

19. The Applicant qualifies as a "SEC foreign issuer" under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("**NI 71-102**"). The Applicant has relied on and is in compliance with the exemption from Canadian continuous disclosure obligations under NI 71-102.

20. The Applicant is not a reporting issuer in any jurisdiction of Canada except for the Jurisdictions.

21. The Applicant has provided advance notice to Canadian-resident securityholders in a press release that it has applied to the Decision Makers for a decision that it is not a reporting issuer in Canada and, if that decision is made, the Applicant will no longer be a reporting issuer in any jurisdiction of Canada.

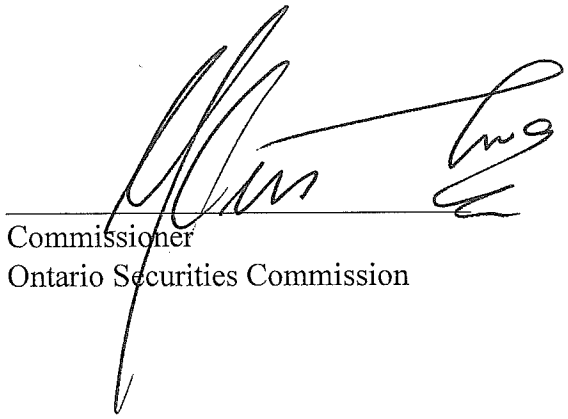
22. The Applicant undertakes to concurrently deliver to its Canadian securityholders all disclosure it would be required under U.S. securities law or exchange requirements of the NASDAQ to deliver to U.S. resident securityholders.

23. The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following a decision from the securities regulatory authorities granting the relief requested.

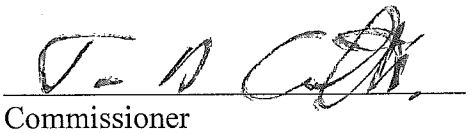
Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision. The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.



Commissioner
Ontario Securities Commission



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