

## **Otelco Inc. Code of Ethics**

The reputation and integrity of Otelco Inc., its subsidiaries and its affiliates (the “Corporation”) are valuable assets that are vital to the Corporation’s success. Each director and employee of the Corporation, including officers of the Corporation, is responsible for conducting the Corporation’s business in a manner that demonstrates a commitment to the highest standards of integrity.

The purpose of this Code is to (i) focus directors, officers and employees on areas of ethical risk; (ii) provide guidance to help them recognize and deal with ethical issues; (iii) provide mechanisms for them to report unethical conduct; and (iv) foster among them a culture of honesty and accountability. No code of conduct can replace the thoughtful behavior of an ethical director or employee. Accordingly, dishonest or unethical conduct or conduct that is illegal will constitute a violation of this Code, regardless of whether the Code specifically addresses such conduct.

### **Implementation and Oversight of This Code**

The Corporation’s Board of Directors (the “Board”) is ultimately responsible for the implementation of this Code. The Board has designated the Audit Committee to administer this Code. The Audit Committee shall be responsible for designating an officer with sufficient seniority and stature within the organization to be the compliance officer (the “Compliance Officer”) to assist in administration of the Code with respect to employees. The Audit Committee has designated the Chief Financial Officer, currently Curtis Garner, as the Compliance Officer. He can be reached at 1-866-301-5502 or [curtis@otelcotel.com](mailto:curtis@otelcotel.com). The Code shall be administered by the chairperson of the Audit Committee with respect to directors and executive officers.

Questions regarding the application or interpretation of this Code are inevitable. You should feel free to direct questions to the Compliance Officer or the chairperson of the Audit Committee, as applicable.

Statements in this Code to the effect that certain actions may be taken only with the “Corporation’s approval” mean that the Compliance Officer or, as appropriate, the Audit Committee must give prior written approval before the proposed action may be undertaken.

You should read this Code in conjunction with the Corporation’s other policy statements. We will ask you to certify on an annual basis that you are in full compliance with this Code and related policy statements.

If you learn of or suspect that a violation of the Code has occurred or is likely to occur, you must immediately report the violation to the Compliance Officer, another member of the Corporation’s senior management, or the Audit Committee, as appropriate. Alternatively, the Company has established a confidential toll-free

Compliance Telephone Line that can be accessed 24 hours a day. The procedures for using it are set forth in **Section 109** of your employee manual.

Directors or employees who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible.

The Compliance Officer and all executive and management personnel are responsible for enforcing this Code. If you violate this Code or any additional policies and procedures issued by the Corporation, or fail to cooperate with any investigation, you will be subject to disciplinary action. Disciplinary action could include, but is not limited to, counseling, oral or written reprimands, warnings, probation, suspension without pay, reassignment, demotion, or, where appropriate, dismissal. You might also be subject to legal proceedings to recover the amount of any losses that the Company may have incurred as a result of such actions. Actions that violate this Code may also lead to your prosecution under any applicable criminal statutes.

Requests for a waiver of a provision of this Code must be submitted in writing to the Compliance Officer or the chairperson of the Audit Committee, as appropriate, for review a reasonable period in advance of the proposed conduct. The Audit Committee will grant or deny the request of an employee. The Board will grant or deny the request of a director or an executive officer (or will ratify, if appropriate, the recommendation of the Audit Committee to grant or deny such request). In some circumstances, the Corporation must disclose to its stockholders a waiver and/or amendment of this Code.

### **Compliance with Applicable Laws, Rules and Regulations**

A variety of laws apply to the Corporation and its operations, and some carry criminal penalties. These laws include, but are not limited to, federal and state laws relating to the Corporation's business (including occupational safety laws and state laws relating to duties owed by corporate officers and directors) and status as a public corporation. Examples of criminal violations of the law include making false or misleading disclosures in documents filed with the Securities and Exchange Commission (the "SEC"); trading in securities while in possession of inside information; stealing, embezzling or misapplying the Corporation's funds; using threats, physical force or other unauthorized means to collect money; or making a payment for an expressed purpose on the Corporation's behalf to an individual who intends to use it for a different purpose. The Corporation must and will report all suspected criminal violations to the appropriate authorities for possible prosecution, and will investigate, address and report, as appropriate, non-criminal violations.

### **Avoidance of Actual, Potential or Apparent Conflicts of Interest**

The Corporation requires you to conduct your outside associations and personal business, financial and other relationships in a manner that will avoid any actual, potential or apparent conflict of interest between yourself and the Corporation. The term

“outside association” refers to any affiliation, association, interest or employment that you have with an entity other than the Corporation. It is impractical to conceive of and set forth rules that cover all situations in which a conflict of interest may arise. The basic factor in all conflict of interest situations is, however, the division of loyalty, or the perception of a division of loyalty, between the Corporation’s best interests and your interests. Guidelines with respect to several sensitive areas in which actual, potential or apparent conflicts of interest are likely to occur are set forth below.

### *Business Relationships*

You may have a conflict of interest if you, a member of your family or your business partner owns or has a substantial direct or indirect investment in an entity with which the Corporation has or is likely to have a business relationship or with which the Corporation competes. Investments in small amounts of the stocks or bonds of a large publicly-held corporation should not, without more, give rise to any conflict of interest. The question of when an investment may become so substantial as to possibly affect or appear to affect your judgment is largely dependent on the particular circumstances and must be addressed on a case by case basis.

A conflict of interest may also arise when you, a member of your family or your business partner holds a position as director, officer, employee or partner of, or consultant, broker, finder or intermediary with, an entity with which the Corporation has or is likely to have a business relationship or with which the Corporation competes or is likely to compete. In addition, a conflict of interest may arise if you, a member of your family or your business partner incurs significant indebtedness to an entity whose business may be affected by your actions on behalf of the Corporation.

Any associations, interests and business relationships that you have that might cause you to act in ways that are not in the best interests of the Corporation, or that might be perceived to cause divided loyalties, will be permitted only with the Corporation’s approval. In some circumstances, a relationship will only be permitted if the proposed transaction is competitive and/or fairly bargained for. Notwithstanding the foregoing, a transaction between the Corporation and any of your outside associations will be permitted if it is first reviewed, approved and reported in the manner prescribed by this Code, or otherwise established by the Audit Committee or Compliance Officer.

### *Acceptance of Gifts*

You may not, without the Corporation’s approval, accept, either directly or indirectly, gifts or favors—other than those of nominal value—from persons or entities with which the Corporation has or is likely to have a business relationship. Directors and employees are encouraged to participate in social activities with those with whom the Corporation maintains business relationships, and participating in occasional such activities will not violate this Code so long as they are reasonable and customary types of social activities in a business context.

### *Outside Activities/Employment*

Any outside association, including activities with other entities, should not encroach on the time and attention you are expected to devote to your Corporation duties and responsibilities, adversely affect the quality or quantity of your work product or entail your use of any Corporation assets, including its real and personal property, or imply (without the Corporation's approval) the Corporation's sponsorship or support. In addition, under no circumstances are you permitted to compete with the Corporation or take for yourself or your family members any business opportunity that belongs to the Corporation that you discover or that is made available to you by virtue of your position with the Corporation. Officers are prohibited from taking part in any outside employment without the Corporation's prior approval.

### *Civic/Political Activities*

The Corporation supports your participation in civic, charitable and political activities so long as such participation does not encroach on the time and attention that you are expected to devote to Corporation duties and responsibilities. You are to conduct any such activities in a manner that does not involve the Corporation or its assets or create an appearance of Corporation involvement or endorsement.

### *Resolution of Conflicts*

In all cases, actual, potential or apparent conflicts of interest must be handled in an ethical manner, meaning they must be fully disclosed and considered prior to being resolved. The Compliance Officer or, where appropriate, the Audit Committee will handle all questions of actual, potential or apparent conflicts of interest that involve you. Actual, potential or apparent conflicts of interest may be resolved in a number of ways, including, for instance, in the case of a gift, determining that you may accept or must reject the gift, or in the case of an outside association, determining that you must be restricted from certain corporate activities involving the association, or determining that the Corporation should not enter into a business relationship with the association.

### **Full, Fair, Accurate and Timely Disclosures by the Corporation to the Public**

If you participate, directly or indirectly, in the preparation of the financial and other disclosures that the Corporation makes to the public, including in its filings with the SEC or by press releases, you must, in addition to complying with all applicable laws, rules and regulations, follow these guidelines:

- Act honestly, ethically and with integrity.
- Comply with this Code.
- Endeavor to ensure full, fair, timely, accurate and understandable disclosure in the Corporation's filings with the SEC.

- Managers should, through leadership, including communication, make sure that employees of the Corporation understand the Corporation's obligations to the public and under the law with respect to its disclosures, including that results are never more important than compliance with the law.
- Encourage directors and employees to raise questions and concerns regarding the Corporation's public disclosures and ensure that such questions and concerns are appropriately addressed.
- Provide the Corporation's directors, employees, consultants and advisors involved in the preparation of the Corporation's disclosures to the public with information that is accurate, complete, objective, relevant, timely and understandable.
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing your independent judgment to be subordinated by others.
- Employees and officers must proactively promote honest and ethical behavior among peers in your work environment. Directors must proactively promote honest and ethical behavior among your fellow directors.
- Achieve proper and responsible use of and control over all Corporation assets and resources employed or entrusted to you.
- Record or participate in the recording of entries in the Corporation's books and records that are accurate to the best of your knowledge.
- Comply with the Corporation's disclosure controls and procedures and internal controls and procedures for financial reporting.
- Report any suspected violations of the Code which you observe, learn of, or in good faith suspect.

### **Fair Dealing**

Each director and employee should deal fairly and in good faith with the Corporation's customers, suppliers, regulators, business partners, and others. No director or employee may take unfair advantage of anyone through manipulation, misrepresentation, inappropriate threats, fraud, abuse of confidential information, or other related conduct.

### **Delegation of Authority**

Each director and employee, and particularly each of the Corporation's officers, must exercise due care to ensure that any delegation of authority is reasonable and appropriate in scope, and includes appropriate and continuous monitoring. No authority may be delegated to employees who the Corporation has reason to believe, through the exercise of reasonable due diligence, may have a propensity to engage in illegal activities.

### **Handling Confidential Information**

Directors and employees should observe the confidentiality of information that they acquire by virtue of their positions at the Corporation, including information concerning customers, suppliers, competitors, and other directors and employees, except where disclosure is approved by the Corporation or otherwise legally mandated. Of special sensitivity is financial information, which should under all circumstances be considered confidential except where its disclosure is approved by the Corporation, or when it has been made publicly available in a periodic or special report for at least two business days, or otherwise widely publicly disseminated.

Notwithstanding the above, the foregoing obligations of confidentiality are subject to applicable whistleblower laws, which protect your right to provide information to governmental and regulatory authorities. You are not required to seek the Corporation's permission or notify the Corporation of any communications made in compliance with applicable whistleblower laws, and the Corporation will not consider such communications to violate this or any other Corporation policy or any agreement between you and the Corporation.