

EXHIBIT A

**AGREEMENT AND
PLAN OF MERGER**

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THIS AGREEMENT AND PLAN OF MERGER (the "*Agreement*") is entered into as of the 29 day of April, 2013, by and between MIDSTATE COMMUNICATIONS, INC., a South Dakota corporation ("*Parent*"), and MIDSTATE TELECOM, INC., a South Dakota corporation ("*Subsidiary*"). Parent and Subsidiary are sometimes herein referred to as the "*Constituent Corporations*."

RECITALS:

WHEREAS, Parent owns one hundred percent (100%) of the outstanding common stock of Subsidiary (the "*Subsidiary Stock*");

WHEREAS, it is the desire of Parent and Subsidiary to merge Parent's wholly-owned Subsidiary with and into Parent, and to consolidate the telecommunications business of Subsidiary with and into the existing telecommunications businesses of Parent (the "*Merger*");

WHEREAS, the parties intend that upon completion of the Merger, the separate corporate existence of Subsidiary shall cease and Parent shall be the sole owner and operator of the telecommunications business and assets of Subsidiary;

WHEREAS, the parties further intend that in conjunction with the approval and consummation of the Merger as contemplated herein, the bylaws of Parent will be amended whereby, among other things, the parties presently receiving local exchange services from Subsidiary may qualify for, and be admitted as, members of Parent; and

WHEREAS, the parties intend that the transactions described herein will constitute a tax-free corporate separation and Merger under Sections 355 and 368 of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE, in consideration of the mutual covenants herein set forth, the parties agree as follows:

1. **NAME OF TARGET CORPORATION.** The name of the target corporation is Midstate Telecom, Inc.

2. **NAME OF SURVIVING CORPORATION.** The name of the surviving corporation is Midstate Communications, Inc.

3. **EFFECTIVE DATE.** The transactions contemplated in this Agreement shall become effective upon the satisfaction of all of the conditions precedent set forth in Section 13 hereof, but in no event shall the effective date of such transactions be prior to 12:01 a.m. on January 1, 2014 (the "*Effective Date*").

4. **SUBSIDIARY MERGER INTO PARENT.** On the Effective Date, the Constituent Corporations shall cause the Articles of Merger of Subsidiary and Parent to be filed in the Office of the Secretary of State of the State of South Dakota, which Articles of Merger shall be in a form and substance substantially identical to those attached hereto as Exhibit A and incorporated herein by this reference. Thereupon, Subsidiary shall be merged with and into Parent, the separate existence of Subsidiary shall cease, and Parent shall be the surviving entity and continue to exist as a corporation created under and governed by the laws of the State of South Dakota after the Merger.

5. **TREATMENT OF SHARES.** As of the Effective Date, by virtue of the Merger and without any action on the part of the holder thereof, the issued and outstanding capital stock of Subsidiary that existed prior to the Effective Date shall be cancelled.

6. **ARTICLES OF INCORPORATION.** The Articles of Incorporation of Parent in effect immediately prior to the Effective Date shall remain in effect as the Articles of Incorporation of Parent until the same shall thereafter be altered, amended or repealed.

7. **EFFECT OF THE MERGER.**

(a) On the Effective Date, the Constituent Corporations shall become a single corporation and shall continue to exist as Parent and shall thereupon and thereafter, pursuant to the South Dakota Codified Laws, have all the rights, privileges, immunities, powers and franchises, and be subject to all the duties, liabilities, obligations and penalties, of each of Parent and Subsidiary, and all property, real, personal and mixed, and all debts due on whatever account and all other choices, and all and every other interest of, or belonging to or due to each of the Constituent Corporations shall be vested in Parent without further act or deed, and Parent shall be subject to all the liabilities, obligations and penalties of the Constituent Corporations, not pursuant to contract by operation of law, all in the manner and to the full extent provided by the South Dakota Codified Laws. Whenever a conveyance, assignment, transfer, deed or other instrument or act is necessary to vest property or right in Parent, the directors and officers of the Constituent Corporations shall execute, acknowledge and deliver such instruments and do such acts, for which purpose the separate existence of the Constituent Corporations and the authority of their respective directors and officers shall continue, notwithstanding the Merger.

(b) Contemporaneously with the completion of the Merger, all of the properties, assets, liabilities, and obligations of Subsidiary shall be assigned to, and assumed by, Parent.

8. **BYLAWS.** Contemporaneously with the completion of the Merger, the bylaws of Parent (the "*Bylaws*") shall be amended in the manner set forth in Exhibit B attached hereto and incorporated herein by this reference, which amendments provide for, among other things, the admission of the New Members (as hereinafter defined) and the creation of a new director district ("*Chamberlain/Oacoma District*"), which Chamberlain/Oacoma District shall be

represented by one additional director to serve on the Board of Directors of Parent in accordance with the Bylaws, as amended.

9. CUSTOMERS OF SUBSIDIARY. Contemporaneously with the completion of the Merger and the amendment of the Bylaws, the authority to operate as a competitive local exchange carrier in the areas in which Subsidiary is presently so authorized shall be assigned to Parent and the persons and entities then receiving local exchange services from Subsidiary and that otherwise meet the requirements for membership of Parent as more fully specified in the Bylaws, as amended, shall become members of Parent in accordance with the Bylaws (the "*New Members*"). The New Members shall not be entitled to any allocation of Parent's operating and non-operating margins for any periods prior to the Effective Date. For purposes of documentation, such New Members shall be identified in accordance with their billing records currently on file with Subsidiary.

10. BOARD OF DIRECTORS. On or prior to the Effective Date, the Board of Directors may appoint an interim director to fill the vacant seat on the Board of Directors for the newly formed Chamberlain/Oacoma District. Said interim director shall serve as the director for Chamberlain/Oacoma District commencing on the Effective Date until the next regularly scheduled annual meeting of the members of Parent held in accordance with the Bylaws, as amended. In the event the Board of Directors elects not to appoint an interim director to fill the vacant seat representing Chamberlain/Oacoma District, such seat shall remain vacant until the next regularly scheduled annual meeting of the members of Parent held in accordance with the Bylaws, as amended.

11. TAX TREATMENT. The Merger is intended to be treated as a tax-free reorganization for tax purposes pursuant to Internal Revenue Code § 368(a)(1)(A).

12. OFFICERS AND DIRECTORS.

- (a) The officers and directors of Parent at the Effective Date shall continue as officers and directors of Parent until the election and qualification of their successors in accordance with the Bylaws, as amended from time to time, except that a new director shall be appointed to represent the newly formed Chamberlain/Oacoma District in accordance with the Bylaws.
- (b) The officers and directors of Subsidiary shall resign from their respective roles as officers and directors of Subsidiary.

13. CONDITIONS PRECEDENT. The obligations of the parties herein are conditioned upon the completion or receipt of the following conditions precedent to the satisfaction of the parties in their discretion:

- (a) The designation of Parent by the South Dakota Public Utilities Commission (the "*SDPUC*") as a Competitive local exchange ("*CLEC*") carrier authorized to provide local exchange telecommunications service in all areas in the State of South Dakota in which Subsidiary is presently so authorized by the SDPUC;

- (b) The establishment and approval by the SDPUC of a CLEC Tariff in the name of Parent under which its CLEC operations may be conducted;
- (c) Receipt by the parties hereto of all consents and authorizations which are necessary or advisable to consummate the transactions contemplated herein and for Parent to own and operate the telecommunications businesses presently operated by Subsidiary from: (1) the SDPUC, the Federal Communications Commission, and any other federal, state or local governmental entity or regulatory agency having jurisdiction over Parent or Subsidiary; (2) the United States Department of Agriculture, Rural Utilities Service; and (3) any other necessary third party;
- (d) The consummation of the transactions contemplated in this Agreement will not result in the dissolution, loss, or consolidation of any or all of NECA Study Area Nos. 391670 and 399011;
- (e) There shall not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement;
- (f) There shall be no action, suit, investigation, regulation, legislation or proceeding shall be pending, instituted, proposed or threatened that would prohibit or prevent the consummation of the transactions contemplated by this Agreement;
- (g) There shall not have occurred any event which has had a material adverse effect on the operations, assets, or financial condition of the parties hereto or their respective businesses that are applicable to the economy or the telecommunications industry on a national, regional, state or local level;
- (h) Approval of the members of Parent and the shareholder of Subsidiary; and
- (i) The satisfaction of each of the conditions precedent to the effectiveness of this Agreement.

14. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall be binding upon and inure to the benefit of Subsidiary, Parent and their respective successors and assigns.

15. MISCELLANEOUS. This Agreement and all documents referenced herein or executed pursuant to this Agreement constitute the entire agreement and understanding between the parties regarding the transactions discussed herein and supersedes all prior agreements and understandings related hereto. This Agreement shall be governed by the laws of the State of South Dakota, without regard to its conflicts of laws principals.

16. FURTHER ASSURANCES. Each of the parties to this Agreement hereby covenants and agrees to take all such actions and execute and deliver such ancillary and related documents,

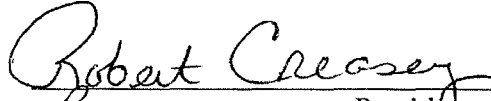
instruments, certificates, agreements, and other writings, as are reasonably necessary or advisable to carry out the purposes of this Agreement and to consummate the transactions contemplated herein.

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Signatures follow on the next page

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective authorized signatories as of the date first written above.

MIDSTATE COMMUNICATIONS, INC.


Pres. _____, President

MIDSTATE TELECOM, INC.


Pres. _____, President