

O P A S T C O



## Making Broadband Profitable

John Finke, President & CEO

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**RIDING THE WAVE OF NEW OPPORTUNITIES**

46th Annual Winter Convention

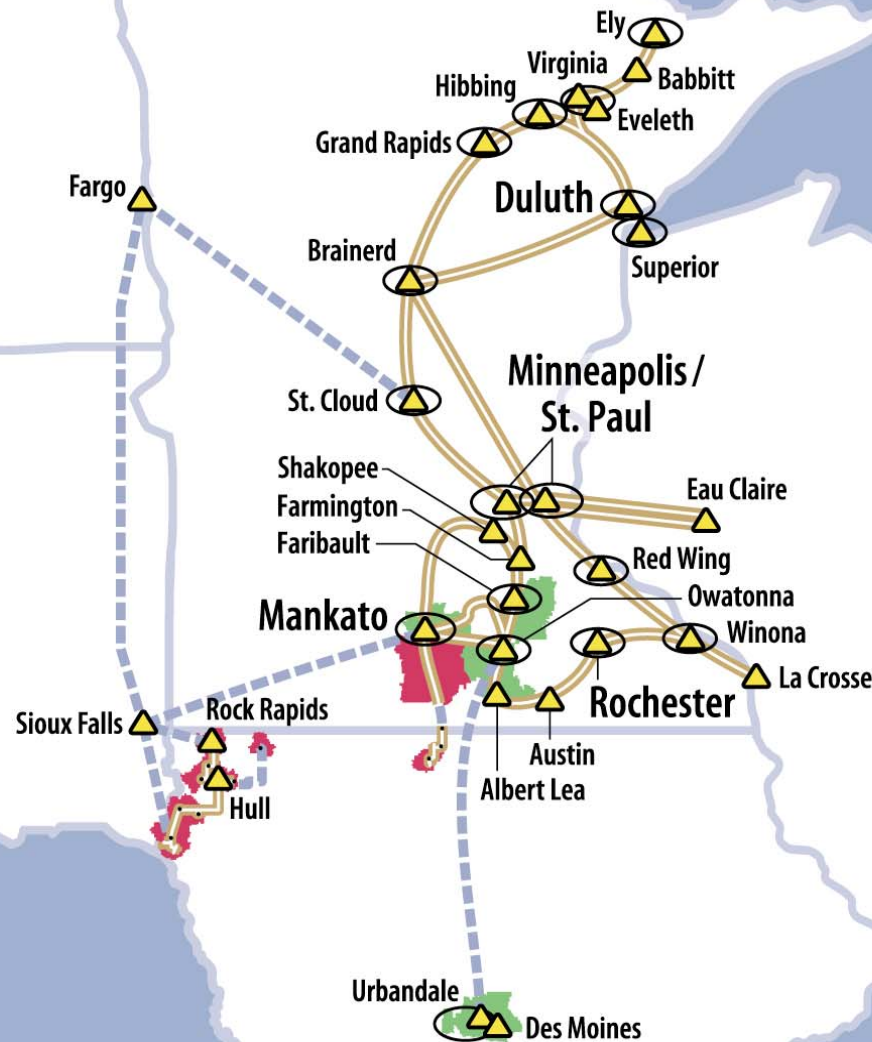
# HickoryTech

- Hickory Tech is an integrated communications solution provider serving business and residential customers in the Midwest
- Founded: 1898 as Mankato Citizens Telephone Company
- Employees: 430
- Publicly Traded Company, NASDAQ: HTCO
- 2007 Revenue: \$156.6 Million
- Brands: HickoryTech, Enventis, HickoryTech Information Solutions



# HickoryTech Service Area

2,400 fiber optic miles



Regional Fiber Network  
*Reflects owned and leased routes*

Community Fiber Ring

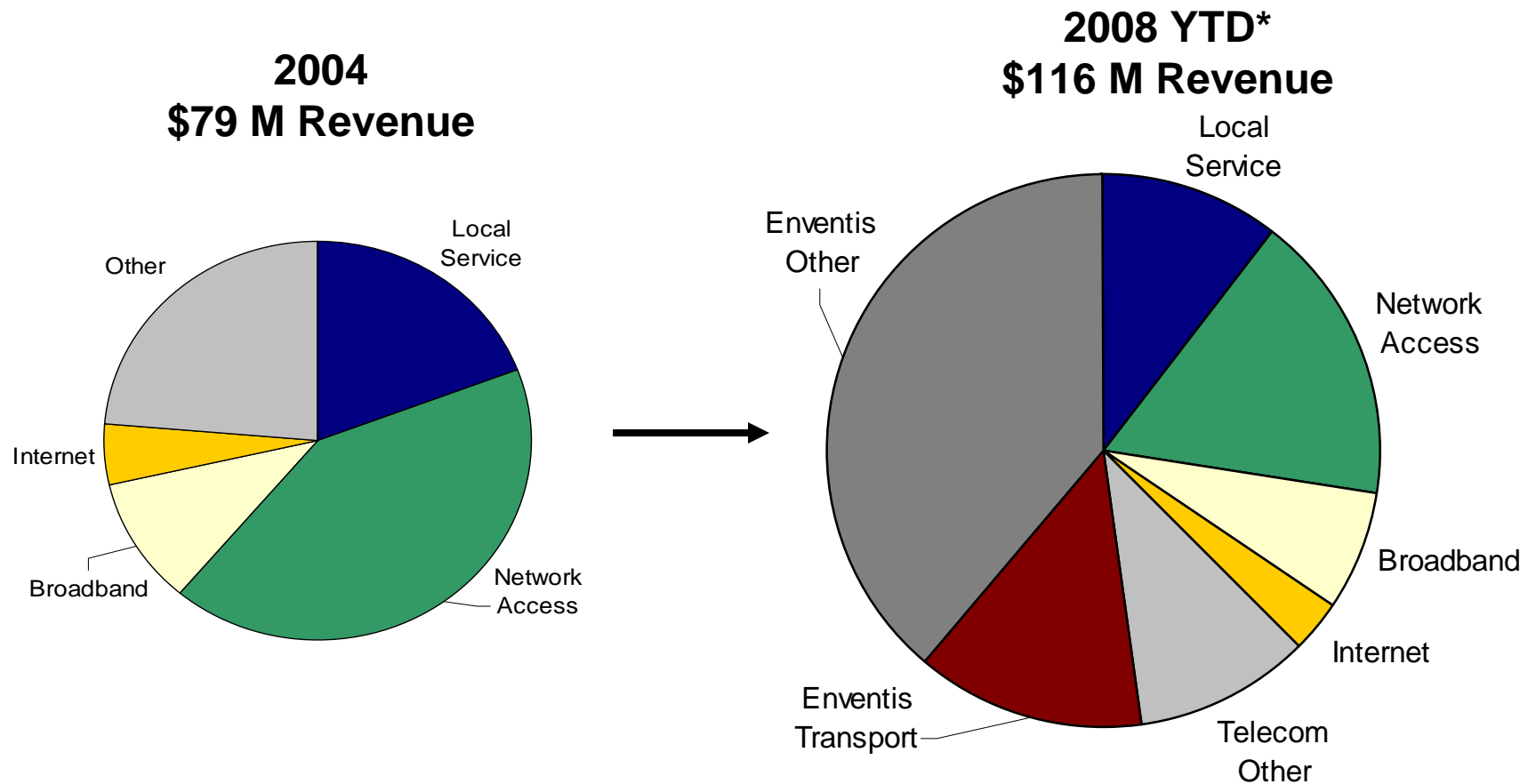
Backbone POP

ILEC Service Areas

CLEC Service Areas

# Broadband Revenue Growth

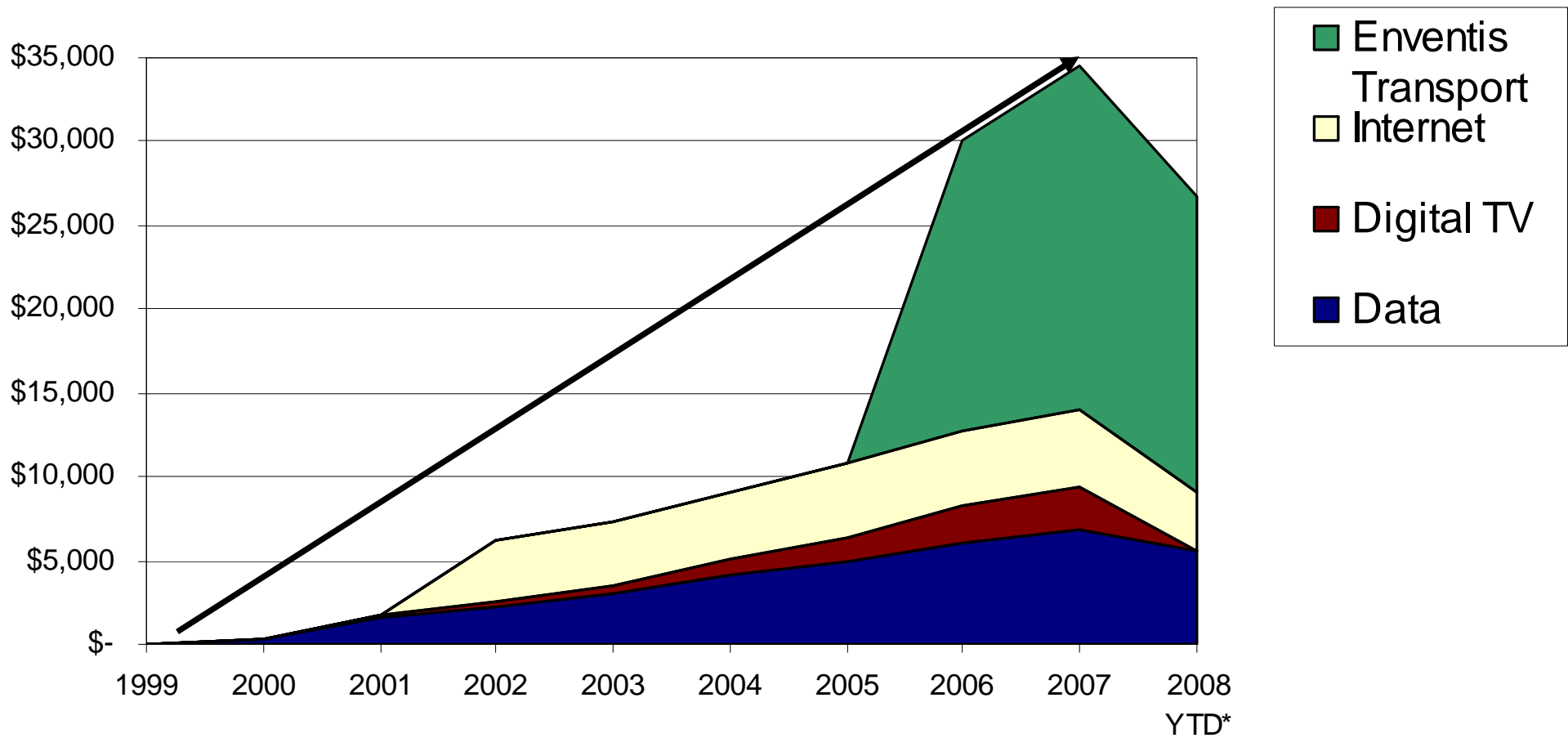
We are no longer a “Telephone Company,” we are a Broadband Communications Service Provider



\*2008 YTD Revenue as of 9/30/08



# Broadband Revenue Growth



\*2008 YTD Revenue as of 9/30/08

# Residential Broadband Strategy

## Residential Services

- High-Speed Internet and DSL
- Digital TV



## Value Added Services

- Home Networking and PC Repair
- Home Monitoring
- Subscription Content
- Local Customer Service & Support



## Strategy

- Market competitive bundle, local customer support
- Upgrade broadband infrastructure, shorten loops, FTTH
- Leverage Broadband customer base with Value Added Services (future: more local content, walled garden content, Video on Demand)



# Business Broadband Strategy

## Business Broadband Services

- SONET based TDM Services (T1, DS3, OC3 – 48)
- Point to Point & Meshed Ethernet
- Multi Protocol Label Switching (MPLS)
- SingleLink® Unified Communications (Hosted VoIP)



## Value Added Services

- Hosted Tier 1&2 Data Centers (colocation sites)
- Total Care Support, Monitoring & Managed Services
- Professional Services, Consulting



## Strategy

- Focus on recurring revenue services and cross selling; i.e. Total Care Support and/or Broadband to VAR customers
- Expand business services to targeted markets along fiber network
- Overlay Carrier Ethernet over Copper, where density dictates



# Conclusions

**Broadband has met our growth expectations;  
however,**

- **Broadband revenue replaces local service revenue, but at lower margins**
- **Expansion of high margin business services and value added services are needed**
- **Continually evaluating new opportunities to enhance existing broadband services and develop or partner to offer new value added services**



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**John Finke**

**President and CEO, HickoryTech**

**[john.finke@hickorytech.com](mailto:john.finke@hickorytech.com)**

**507.386.3563**



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