



Hiawatha Broadband Communications, Inc.

The Focus is on
Rural America

Hiawatha Broadband (HBC)

◆ MISSION:

- Preserve and enhance connectivity for educational institutions, vital community facilities
- Create a state-of-the-art network to spur economic development
- Provide competition to monopoly incumbents

HBC's Focus is on Rural America

- ◆ HBC deploys in rural areas HFC and now state-of-the-art FTTH networks to provide:
 - High-speed data services
 - Local and Long-distance phone service
 - Cable television services
 - Local programming, local video production services
- ◆ All with:
 - Exemplary customer care
 - Customer involvement in all phases of operations

Why Rural America?

- ◆ A huge appetite for connectivity
- ◆ An economy dependent upon up-to-date information available NOW
- ◆ Quality of life exemplary and desired by many but dependent upon being in touch
- ◆ A place where a tiny company can make a HUGE difference

Key Factors in Market Selection

- ◆ Community Vision (it's about more than lower prices)
- ◆ Can market sustain another business?
- ◆ Will a new business make a difference?
- ◆ Are there 'right-fit' workers (clerical and technical)?
- ◆ Will preliminary statistics support the business case?

Markets Served

- ◆ Winona (1999): population 26,785
- ◆ Goodview (1999): population 3,565
- ◆ Minnesota City (2000): population 217
- ◆ St. Charles (2002): population 3,577
- ◆ Wabasha (2005): population 2,599
- ◆ Rollingstone (2007): population 641
- ◆ Lewiston (2007): population 1,480
- ◆ Stockton (2008): population 819

HBC Today

- ◆ Internet penetration
 - 83% of total Internet market
 - 70% high-speed take rate
 - 42% of business connected by direct fiber
- ◆ Telephone penetration
 - 68% of business market
 - 64% of residential market
- ◆ Cable penetration
 - 75% of units in eight retail markets
 - 63% of single-family houses

Why HBC Succeeds

- ◆ FTTH deployments are built efficiently with careful attention to capturing demand by understanding customers needs
- ◆ Features targeted at community growth and progress
- ◆ Not the low-price provider in any of its communities
- ◆ The dominant provider in each of its communities

What It's All About:

We pledge to our customers access to superior advanced communications and unparalleled personal service

Values

- ◆ Conduct ourselves with integrity & honesty in all things
- ◆ Build trust by being trustworthy
- ◆ Communicate generously, selflessly, promptly
- ◆ Listen, collaborate, be involved, see everyone's point of view
- ◆ Care for our customers and each other in the same way we would like to be treated...as we would treat mom
- ◆ Avoid judgment, seek to understand, be friendly, forgive
- ◆ Plan ahead and do it right the first time
- ◆ Do whatever it takes; be prideful in our work
- ◆ Value innovation and creativity
- ◆ Be faithful to each other and our company
- ◆ Never lose our sense of humor