



# Investor Fact Sheet

QUARTER ENDED 3/31/2003

## Financial Performance

Compared to the first quarter of 2002:

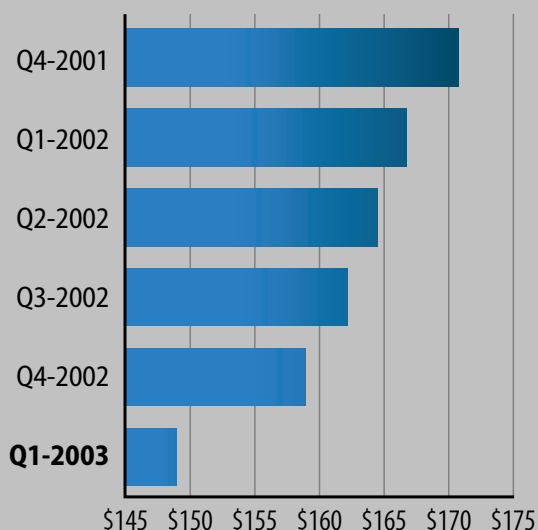
- **Net income was \$2.3 million**, or 17 cents per diluted share, an increase of 12.3 percent from \$2.1 million, or 15 cents per diluted share, for the same period of 2002.
- **Quarterly revenue was \$27.0 million**, an increase of 7.4 percent from \$25.1 million last year.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) was **\$10.0 million**, an increase of 3.9 percent from the first quarter of last year.
- **Operating income for the first quarter was \$5.5 million**, similar to the same period of 2002.

## Continued Long-Term Debt Reduction

HickoryTech reduced its outstanding debt for the fifth consecutive quarter, ending the most recent quarter with \$149 million in total debt. Through a combination of strong operating cash flows from the company's core business, low capital expenditures and reductions in balance sheet receivables, HickoryTech was able to reduce outstanding debt by \$9.9 million during the first quarter. The lower debt, along with favorable interest rates, resulted in a \$400,000 year-to-year reduction in first quarter interest expense, a decrease of 20 percent. **The company anticipates continued debt reductions through the remainder of 2003.**

### TOTAL DEBT

Including current maturities. Dollars in millions.



HickoryTech is a diversified communications company headquartered in Mankato, Minnesota. Established in 1898 as a local telephone exchange business, HickoryTech has grown to become the largest telephone provider headquartered in the state of Minnesota and the 29th largest telephone company in the United States. The company's operations in Minnesota and Iowa employ approximately 500 people and generate more than \$100 million in annual revenues. In addition to local telephone service, HickoryTech provides wireless communications, long distance and Internet access. HickoryTech also develops billing/data processing software through its Information Solutions division and designs business telecommunications networks through its Enterprise Solutions division.

## HickoryTech Introduces New DSL Plan

During the first quarter, HickoryTech implemented a new service plan that focuses on increasing Digital Subscriber Line (DSL) customer penetrations in the company's wireline (incumbent and competitive telephone) markets. This new offering, called **DSL Lite**, is priced at **\$29.90 per month** and is targeted as an entry-level vehicle for new broadband users.



**The company added 769 DSL customers during the first quarter**, resulting in a 6 percent penetration rate of HickoryTech's total access lines.

DSL Penetration Rates	Access Lines	DSL Subscribers	Penetration Rate
Incumbent Telephone (ILEC)	64,495	3,083	4.8%
Competitive Telephone (CLEC)	14,271	1,657	11.6%

## HickoryTech's Priorities for 2003

At HickoryTech's Annual Shareholders' Meeting, held on April 14 in Mankato, Minn., John Duffy, the company's President and Chief Executive Officer, shared the company's priorities for 2003. Financial results for the first quarter show that the company is on-track to deliver on this plan.

### 2003 Operating Priorities

- **Drive continuous improvement in the business:** Maintain existing customer base & grow high value customers
- **Maximize competitive telephone markets/overbuild:** Increase market share, Improve operating efficiencies and effectiveness & enhance EBITDA margins
- **Differentiate with broadband services**
- **Bundled product and service solutions**
- **Target local mobile wireless opportunities**
- **Launch SuiteSolution into the company's wireless business**

### 2003 Financial Priorities

- **Focus on cash flow growth**
- **Continue debt reduction**
- **Increase earnings, EBITDA and revenue**
- **Minimize capital expenditures**
- **Maintain the dividend**

## US Bancorp Piper Jaffray Portfolio Strategy Group Initiates Coverage on HICO

On March 7, 2003, US Bancorp Piper Jaffray's Portfolio Strategy Group initiated coverage on HickoryTech with an "Outperform" rating. In his comments, Senior Research Analyst Clint Morrison, CFA, said, "HICO represents an attractive, undervalued conservative investment, currently yielding over 5% with a mid-single-digit growth outlook... This 106-year-old company has a solid franchise with good cash flow and visibility. We have established a price target of \$11.50 using what we think are conservative assumptions."

## Shareholder Information

NASDAQ Symbol: HICO

Typical newspaper listings: Hickory Tch, Hickory

Share price (03/31/03): \$8.87

52-week trading range: \$7.79 to \$16.89

Shares outstanding: 14.0 million

Market capitalization: \$124 million

Average daily volume: 11,874

Analyst coverage:

Joanne Henry, Bluefire Research  
Clinton Morrison, US Bancorp Piper Jaffray  
Stephen DeLucia, Sidoti & Co.

Transfer Agent, Registrar & Dividend Disbursing Agent:

Wells Fargo Bank Minnesota  
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For additional information:

call Investor Relations, 507-387-3355  
or e-mail info@hickorytech.com

### Vision Statement

HickoryTech will be the leading provider of communications solutions throughout the markets we serve.

### Mission Statement

We will be committed to providing solutions that satisfy our customers' communications needs and win their loyalty. Our success demands that we:

- Provide distinctive value to the customer.
- Develop innovative product offerings.
- Excel in our standards of service.
- Conduct business in an ethical manner.
- Provide a quality workplace.
- Proudly serve our communities.

Our efforts will give us prominence in the markets we serve and provide long-term value to our shareholders.

John E. Duffy  
President and Chief Executive Officer

Myrita P. Craig  
Chairman

### Executive Team

Jon L. Anderson  
President, Enterprise Solutions

David A. Christensen  
Vice President, Chief Financial Officer,  
Treasurer and Secretary

John W. Finke  
President, Telecom

Mary T. Jacobs  
Vice President, Human Resources

F. Ernest Lombard  
President, Market and Strategic Planning

Lane C. Nordquist  
President, Information Solutions

### Selected Financial Data

Q1 2003 Q1 2002

Dollars in Thousands Except Per Share Amounts. For Three Months Ended March 31

#### Revenues

Telephone	\$ 14,385	\$ 14,196
Communications Services	4,183	3,119
Wireless	3,393	3,402
<b>Total Telecom Revenues</b>	<b>\$ 21,961</b>	<b>\$ 20,717</b>
Information Solutions	1,098	1,034
Enterprise Solutions	3,911	3,361

**Total Revenues \$ 26,970 \$ 25,112**

#### Operating Expenses, excluding Depreciation and Amortization

Telecom	\$ 11,741	\$ 10,737
Information Solutions	2,066	1,964
Enterprise Solutions	3,776	3,442
Corporate and Intersegment Eliminations	- 628	- 673

**Total \$ 16,955 \$ 15,470**  
Depreciation and Amortization 4,488 4,174

**Operating Income \$ 5,527 \$ 5,468**

Other Income/- Expense, Net, Including Interest Expense	\$ - 1,558	\$ - 1,932
Income Before Income Taxes	3,969	3,536
Income Taxes	1,622	1,446

**Net Income \$ 2,347 \$ 2,090**

Basic and Fully Diluted Earnings Per Share	\$ 0.17	\$ 0.15
Weighted Average Shares Outstanding - Fully Diluted	14,007,326	14,062,803
<b>Dividend Per Share \$ 0.11 \$ 0.11</b>		

### Summarized Balance Sheet

Q1 2003 Q1 2002

Current Assets	\$ 23,204	\$ 27,109
Investments	6,742	10,517
Property, Plant and Equipment, Net	133,789	136,274
Other Assets	65,821	66,311
<b>Total Assets \$ 229,556 \$ 240,211</b>		

Current Liabilities	\$ 12,269	\$ 14,036
Long-Term Obligations, net of current maturities	147,740	157,599
Deferred Income Taxes	4,377	4,377
Deferred Revenue and Benefits	5,541	5,604
Shareholders' Equity	59,629	58,595

**Total Liabilities And Equity \$ 229,556 \$ 240,211**

### Telecom Sector Metrics

Q1 2003 Q1 2002

#### Telephone

Access Lines	64,495	66,212
DSL Customers - ILEC only	3,083	1,547

#### Communications Services

Access Line		
Overbuild	8,035	6,241
Unbundled Network Element	1,361	1,188
Total Service Resale	4,875	4,304
<b>Total</b>	<b>14,271</b>	<b>11,733</b>
Long Distance Customers	36,610	25,436
Internet Customers	14,988	13,517
DSL Customers - CLEC only	1,657	813

#### Wireless

Customers	26,349	26,091
Churn %	3.15%	1.74%

#### Total Telecom Sector

Customers	156,713	142,989
Total DSL Customers	4,740	2,360



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### Disclaimer

Certain statements included in this document that are not historical facts are "forward-looking statements." Such forward-looking statements are based on current expectations, estimates and projections about the industry in which HickoryTech operates, and management's beliefs and assumptions. The forward-looking statements are subject to uncertainties. These statements are not guarantees of future performance and involve certain risks, uncertainties and probabilities. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. You are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date on which they were made. HickoryTech undertakes no obligation to update any of its forward-looking statements for any reason.