1999 ANNUAL REPORT

Moving forward aggressively

HTC has changed greatly during the past few years—divesting enterprises that do not complement our core competencies and acquiring or starting businesses that do. Formerly, we built each company to stand on its own, and that strategy was successful in the past. The future, however, requires that we find ways to leverage each company's expertise and resources to grow at a much greater rate.

We are committed to the aggressive pursuit of new opportunities. In this new wide-open telecommunications industry, we see tremendous growth potential for HTC and will move in the direction of that growth.

Contents

from a position of strength

1999 Financial Highlights

(Dollars in Thousands, Except Per Share Amounts)

FOR THE YEAR	**1999**	% CHANGE	1998	% CHANGE	1997
Consolidated Revenues	**$97,069**	2.6%	$94,573	23.7%	$76,462
Operating Income	**$21,619**	-12.4%	$24,692	19.5%	$20,656
Consolidated Net Income					
In Total	**$14,666**	8.4%	$13,526	-12.6%	$15,479
Before Gains[a]	**$9,453**	-25.7%	$12,715	8.0%	$11,774
EBITDA, Before Gains[a]	**$34,419**	-4.0%	$35,862	17.9%	$30,408
PER SHARE[b]					
Earnings Per Average Share					
In Total	**$1.07**	8.1%	$0.99	-11.6%	$1.12
Before Gains[a]	**$0.69**	-25.8%	$0.93	9.4%	$0.85
Dividends Paid Per Share	**$0.44**	0%	$0.44	10.0%	$0.40
Stock Price at End of Year[c]	**$15.00**	18.8%	$12.625	8.0%	$11.688
AT YEAR END					
Total Shareholders' Equity	**$74,476**	17.0%	$63,629	14.5%	$55,562
Total Debt	**$111,361**	46.4%	$76,042	81.2%	$41,964
Total Assets	**$214,804**	33.1%	$161,429	43.6%	$112,384
OTHER DATA					
Shares Outstanding[b]	**13,787,416**	0.9%	13,662,216	0.4%	13,602,357
Number of Employees	**502**	4.8%	479	6.0%	452
Access Lines	**63,286**	3.2%	61,346	3.6%	59,223

[a] *Net Income, EBITDA and Earnings Per Share, Before Gains for 1999 do not include the gain on sale of investment in Midwest Wireless LLC. Net Income, EBITDA and Earnings Per Share, Before Gains for 1998 do not include the gain on sale of DTI and certain investments. Net Income, EBITDA and Earnings Per Share, Before Gains for 1997 do not include the gain on sale of DirecTV DBS assets.*

[b] *Restated to reflect three-for-one stock split in August 1998.*

[c] *Price is last day ending price for 1999, and last five-day average in 1997 – 1998, due to low volume.*

Customer/Line Growth

	1999	*CHANGE*	1998	*CHANGE*	1997
Telephone (ILEC) Lines	**63,286**	*+1,940*	61,346	*+ 2,123*	59,223
Communications Services (CLEC) Lines	**3,704**	*+3,360*	344	*+ 344*	0
Wireless Customers	**20,309**	*+4,354*	15,955	*+15,955*	0
Internet Customers	**5,835**	*+2,640*	3,195	*+ 3,195*	0
Long Distance Customers	**12,146**	*+6,134*	6,012	*+ 6,012*	0

Chairman's Message

to the Shareholders

Building a solid foundation for

1999 represented a new beginning for Hickory Tech Corporation. As we have commented in our last several communications to shareholders, we are embarking on a period of expansion and investment. The short-term impact of such an undertaking is to reduce profits while we are building market share. This year's annual report seeks to convey some of the spirit and excitement at HTC. We are aggressively pursuing a strategy of growth, particularly in the competitive local exchange (CLEC) and wireless communications markets. We are very pleased with our first-year efforts in this regard.

Why are we satisfied with increasing market share at the expense of profitability? Because we believe we are building a much stronger foundation for your company's future. We are convinced that the early-stage costs will be returned many times over in the form of future profitability.

Consider the growth 1999 brought in terms of new customers added during the year. These customers are now subscribing to a wider array of services than ever before in our history. We added 1,940 access lines to our core telephone business, 3,360 new lines as a result of offering competitive telephone service in 13 new communities, a net of 4,354 new cellular customers (a 27% rate of growth in one year) and 2,640 new users of our internet service. In addition, we now provide long distance service to 12,146 customers, an increase of 6,134.

We are also pleased to report the successful deployment of our new telecom billing system, WRITE2k. The new system was installed at our cellular subsidiary and has been receiving high marks from customers.

This is just a beginning. Our plans for the next two to three years will accelerate this growth as we enter new communities and sign up new customers for these quality communications services. This should indicate to you why we are excited about HTC's future.

dynamic growth

Growth always comes with a cost. Revenue reached a new all-time high of $97.1 million in 1999. This was in spite of the absence of revenues from Digital Techniques, Inc. (DTI), a business we sold in September 1998. DTI had produced $5.6 million in revenues for 1998 (nine months) and $8.1 million for the full year 1997. Without the effect of selling DTI, revenues would have increased 9.1% over 1998.

Earnings before interest, taxes, depreciation and amortization (EBITDA), were $34.4 million, down 4% from 1998 because of heavy front-end customer acquisition costs in our CLEC and wireless businesses, as well as those costs associated with rebuilding our billing software product. Operating income is down 12.4 % over 1998 because of the higher depreciation on our capital investments and amortization of our acquisition costs. Net income before gains is down 25.7% from 1998 because of the higher interest levels of our expanded use of debt to fuel our growth.

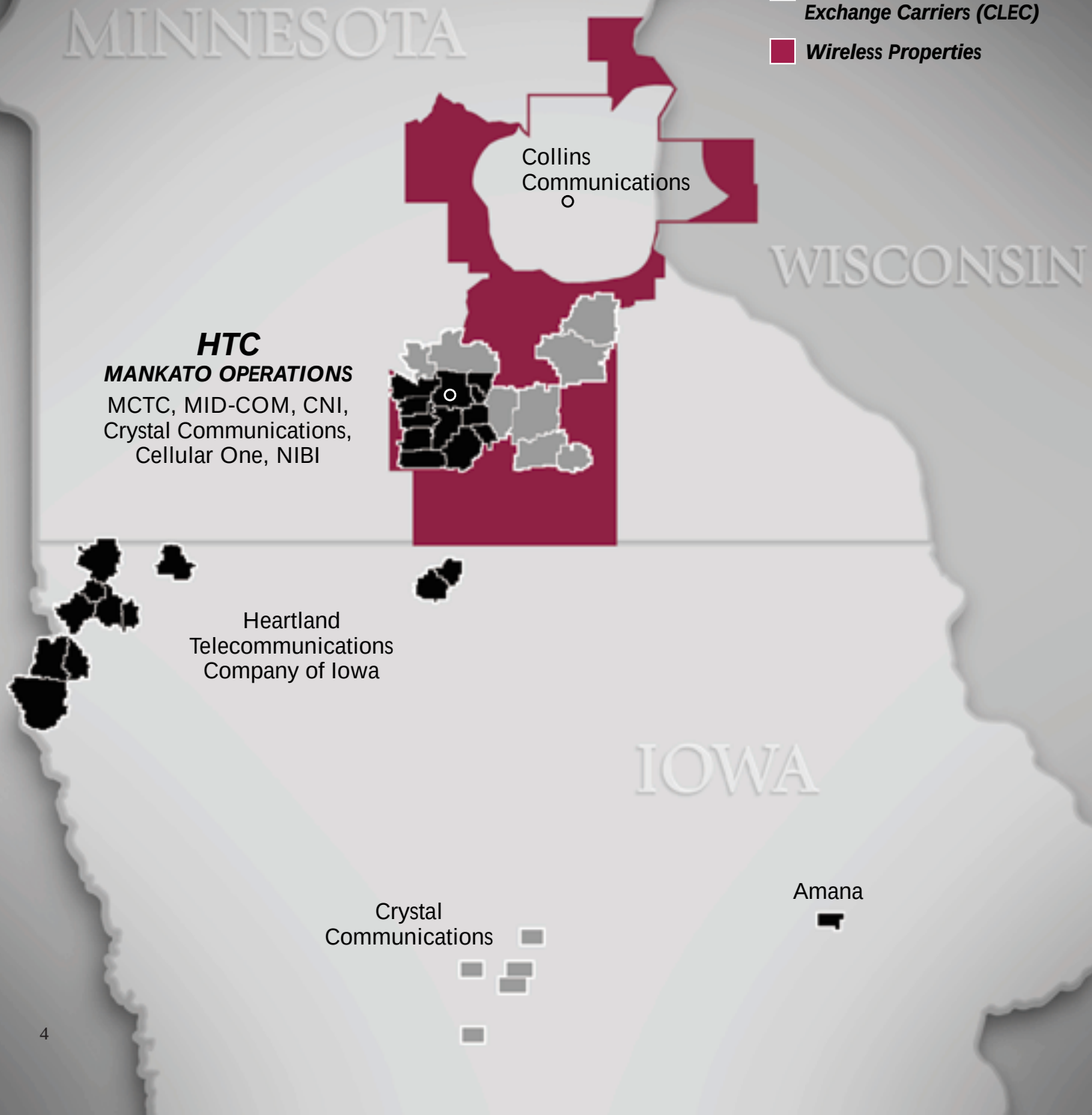
While HTC's 1999 profits declined, the market for our stock improved. We set new high-water marks for both trading volumes and share price. Analyst research was begun on HTC stock, a first for our company. Expect much from us in the future. We are moving away from being merely a "dividend stock" to a growth stock. We believe the market demand for what we do is very large and profitable. Thank you again for your trust in Hickory Tech Corporation. The future is brighter than ever!

Sincerely,

Robert D. Alton
President, CEO and
Chairman of the Board

HTC
HICKORY TECH CORPORATION

At a glance – Hickory Tech Corporation (HTC) is a diversified communications company headquartered in Mankato, Minnesota. HTC has a 102-year history in the local telephone exchange business. From those roots it has expanded into five business sectors and nine operating companies.



TELEPHONE SECTOR

1999 Revenues: $50,219,000
Operating Income: $23,867,000
Employees: 172

This sector provides local telephone service and enhanced telecommunications services, internet service, telephone sales and support, special access circuits, and interexchange network services in south central Minnesota, (specifically Mankato and North Mankato, combined population 44,000, and eleven rural communities surrounding Mankato), the Amana Colonies in east central Iowa, and Heartland Telecommunications in northwestern Iowa. A total of 24 central office exchanges serve over 63,000 lines. The companies of this sector are incumbent local exchange carriers (ILECs).

MCTC
MANKATO CITIZENS TELEPHONE COMPANY

ACTC
AMANA COLONIES TELEPHONE COMPANY

Heartland
TELECOMMUNICATIONS COMPANY
Of Iowa

Mid-Com
MID-COMMUNICATIONS, INC.

CNI
CABLE NETWORK, INC.

COMMUNICATIONS SERVICES SECTOR

1999 Revenues: $3,098,000
Operating Loss: ($4,149,000)
Employees: 41

Crystal
COMMUNICATIONS

This sector provides competitive local, long distance, and data services in southern Minnesota and central Iowa. With a strong focus on state-of-the-art technology combined with friendly, local customer service, this sector is positioned for growth with true "one-stop" communications shopping. This is a competitive local exchange carrier (CLEC) business.

BILLING/DATA SERVICES SECTOR

1999 Revenues: $4,368,000
Operating Loss: ($486,000)
Employees: 104

NIBI
NATIONAL INDEPENDENT
BILLING INCORPORATED

This sector supplies business management solutions to companies whose services are billed on a recurring or measured basis. NIBI offers wireless companies an innovative rules-based convergent billing solution. This product is being expanded for wireline and allows service providers to manage a variety of services including local service, long distance, resale, internet, entertainment, data, wireless and energy. It also expands upon NIBI's traditional data processing expertise, and offers clients the choice of complete in-house software implementation, service bureau processing at NIBI, or a combination of these two approaches.

WIRELESS SERVICES SECTOR

1999 Revenues: $16,808,000
Operating Income: $3,347,000
Employees: 40

CrystalOne
WIRELESS by CELLULARONE
A Service of Hickory Tech Corporation

This sector provides wireless, paging and long distance services to a population of 230,000 in seven counties in southern Minnesota and has fully built-out roaming coverage to five Minnesota counties and one Wisconsin county, for a population of 200,000 in a ring surrounding Minneapolis/St Paul.

COMMUNICATIONS PRODUCTS SECTOR

1999 Revenues: $22,576,000
Operating Income: $1,137,000
Employees: 121

Collins
COMMUNICATIONS

This sector sells and services voice and data communications equipment in the Minneapolis/St. Paul metropolitan area and throughout Minnesota. The company installs and maintains Nortel PBXs, Nortel Key Systems, and Octel Messaging Systems through the voice side of Collins, and installs and maintains Cisco, Bay (Nortel) Networks and related data network products through its Datacomm Products division. Its expertise is high quality telephone system installation and maintenance, and providing wide area networking, local area networking and transport solutions. In 1998, this sector included $5,580,000 of revenues from Digital Techniques, Inc., a subsidiary that was sold in September 1998.

New services – Expanding

During 1999, the Telephone Sector embarked upon strategies to protect and enhance our core revenue streams, and identify future products and services for our customers.

Capitalizing on our tradition of providing state-of-the-art telecommunications services, the Telephone Sector introduced our high-speed data product, RevNET, into the Mankato, Minnesota market. Based on Digital Subscriber Line (DSL) technology, RevNET service is available to Mankato residential and business customers. During 2000, we will expand this offering to over ninety percent of the Mankato/North Mankato market.

high-speed infrastructure

In support of HTC strategic initiatives, the Telephone Sector began an expansion of our optical network. We are developing a regional fiber optic transport network for Crystal Communications, Cellular One, and ourselves. Engineering and operations support is being provided to design, install and implement digital telephone switches for the continued community expansion of Crystal Communications. The Telephone Sector also improved and expanded our existing infrastructure, including upgrades to our switching platforms in Mankato and northern Iowa, and installation of a new host switch in Des Moines, Iowa for Crystal Communications.

John W. Finke, President
Telephone Sector

In 1999, for the first time, the sector experienced local competition first-hand. The introduction of services within one community in our Heartland properties has provided us with an understanding of how competitive telecommunications providers will integrate with us. We have now set strategies to successfully work with alternative service providers. As competition enters our markets, we are prepared to meet the challenge and are well positioned to maintain and grow our customer base.

In 2000, we will continue to enhance and grow our existing business by providing our customers high-value services. These will include internet access, voice mail, long distance and enhanced calling features, along with cellular services provided by Cellular One. We will continue the expansion of our optical network and aggressively promote and sell high-speed data and internet services. We are the only communications provider in our area capable of delivering all of these services. The infrastructure we are building today will be capable of delivering combined voice, data and other services to our customers. Ultimately, our current infrastructure will be transformed into a single high-speed pipe to the home and business.

Maximize return by

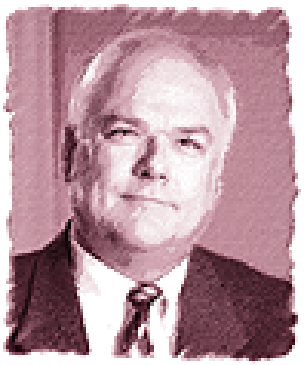
In late 1998, Nicollet, Minnesota became our prototype community, from which we learned how to manage Competitive Local Exchange Carrier (CLEC) technical and regulatory issues. We took what we learned from our inaugural site and initiated service in two more rural communities near Mankato. In 1999, we moved aggressively into several southern Minnesota and central Iowa cities. These included St. Peter, Waseca, Ellendale, Faribault and Northfield in Minnesota, and several markets near West Des Moines, Iowa. We are earning significant market share in those communities we have chosen to enter.

We have learned new ways of delivering service and transferring service from an existing carrier – better and faster than before. We have also proven to ourselves that the CLEC strategy in rural markets works well and that the customer penetrations are high. When Crystal Communications enters a new market, our main objective is to maximize return by dominating the market. Our experience has shown that, where applicable, it is preferable to invest in overbuilding markets with our own networks. In doing so, we are able to bring improved service to the customers more quickly, control the quality of those services and earn a superior return on investment.

dominating the market

In the latter half of 1999, technological advances gave us the opportunity to deliver a wide range of broadband services over a combination of fiber optic cable to the neighborhood and copper wire to the home or business. Many of our current and future CLEC customers will enjoy advanced voice and high-speed data services with transmission speeds at up to 2.5 million bits per second. This technology has the benefit of lower cost when compared to fiber to the home or coaxial cable.

We learned how to overcome the roadblocks imposed by the existing ILECs in our targeted communities and increased our line count from 344 at the beginning of 1999 to 3,704 at year's end. We also doubled our number of long-distance subscribers and now serve over 12,000 customers.



F. Ernest Lombard, President
Crystal Communications, Inc./
Minnesota Southern Wireless Company

Crystal Communications is differentiated in the marketplace with our strategy of network overbuilds in rural markets, bundled services, a successful interconnection track record with all major incumbent carriers and the support we receive from our affiliation with the other HTC companies. We've co-located CLEC offices with Cellular One in several retail stores throughout southern Minnesota. Our goal is to provide responsive, high-quality service. We work closely with the Telephone Sector, NIBI and Collins Communications in maximizing the return from our CLEC territories. Growth at Crystal Communications has resulted in growth for all HTC sectors.

Minnesota Southern Wireless Company, dba Cellular One, had the principal challenge of keeping pace with a torrid demand for its products and service. In several major markets this year, minutes of use swelled 100 percent fueled by increased roamer traffic. Our customer counts grew 27%, far beyond projections.

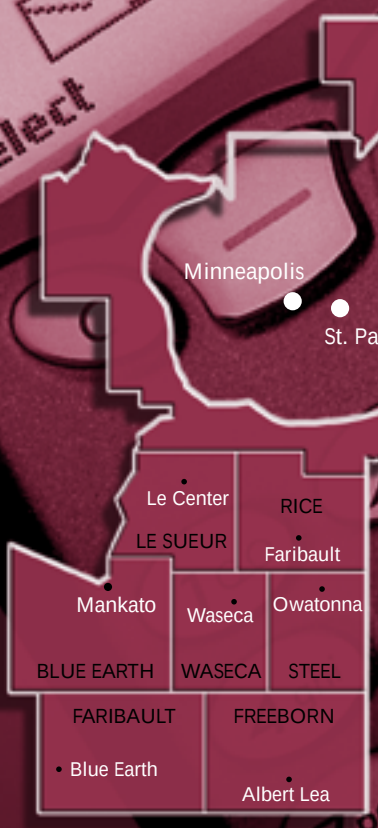
Exceeding projected growth

Twenty cell sites were added in 1999, doubling the cell sites in service. We will continue to upgrade towers with more digital radios. Our digital service has the benefit of offering the customer more security and value in that it allows us to market additional cellular features such as caller I.D., enhanced voice mail and text messaging to a cellular phone. In the year 2000, Cellular One will begin integrating services with HTC's wireline offerings, bringing several new services to the market. We are the only cellular service provider in our area with the ability to offer some of these new high-value options. We are creating a loyal customer base as we experience customer churn rates which are one-half of the industry average.

Within the past year, we purchased the metropolitan cellular market that encircles much of the Twin Cities, and we constructed towers to fully serve this area. All of the major highways accessing Minneapolis/St. Paul pass through our cellular ring. Many AT&T customers leaving the Twin Cities must now drive through one of our bands which results in greater revenue from roaming usage. Our southern Minnesota customers benefit from this expanded calling capability into the metropolitan Twin Cities area.

The strong demand for cellular service, combined with our unique capabilities that arise from our affiliation with other companies of HTC, places the Wireless Services Sector in an excellent position for strong growth in 2000.

F. Ernest Lombard, President
Minnesota Southern Wireless Company



Jon L. Anderson, President Collins Communications Systems Co.

Collins Communications has built a solid reputation over the past twenty-five years for major account sales, customer support and the ability to understand the sales cycle and our customer's applications. Our knowledge and the respect we have earned serves as a resource for other HTC subsidiaries.

One fundamental strength we possess is our relationship with Nortel, the industry leader in voice and data technologies. We were one of Nortel's first distributors twenty-five years ago, selling and servicing its products, and over that span have cultivated a loyal and growing base of voice and data equipment customers. We also have developing relationships as a distributor for Cisco data products and Octel voice messaging systems.

Several factors influenced 1999 sales. Over the latter half of the year, many customers delayed purchases due to Y2K concerns. In addition, several large accounts put purchasing decisions on hold until they could discern the direction that industry technology was heading. The pace of technological change, in general, has paralyzed a number of buying decisions. We have addressed this challenge by focusing on customer service and keeping our employees up-to-speed on new product introductions.

Convergent voice & data

We see a bright sales future energized by three exciting new products from Nortel: Symposium (automatic call distribution), Call Pilot (voice mail system), and Enterprise Edge (a phone system with data capabilities). These products have led us into a new server-based arena. Indeed, voice and data products are converging and Nortel is on the cutting edge. A burgeoning e-commerce market hungry for Nortel software and hardware will also fuel growth. Collins is well positioned to meet any high-end customer demand, including those arising from Crystal Communications' CLEC market areas. Customers and all other HTC companies have come to rely on our communication network expertise and our responsive, professional, consultive services.


WRITE 2k®
BUSINESS SOLUTION
Comprehensive business

We are currently marketing our WRITE2k business management software package to wireless customers throughout the United States. Soon, WRITE2k will be ready for anyone wishing to install an integrated business management system supporting wireless, wireline, internet, entertainment, and energy applications. Ultimately, a customer may choose to have all of their monthly bills combined into just one, and WRITE2k is designed to support that vision. Rolled out in December 1999 for wireless telephony, WRITE2k will next be available for wireline services.

management packages

WRITE2k's fully convergent technology smoothly blends billing from multiple sources. Its "rules-based" architecture enables non-technical employees to easily update billing packages by typing in narrative, English commands, without having to consult a computer programmer. Another feature, WRITE2k's customer service application, will help an employee sell related company products or services when answering a customer inquiry call. WRITE2k will create other marketing synergies as well, such as the ability to automatically offer discounted internet access or free pay-per-view movies to residential telephone customers who use a minimum number of long distance minutes. WRITE2k is designed to support electronic billing applications.

Bruce H. Malmgren, President
National Independent
Billing, Inc.

The key to the success of WRITE2k will be our ability to gain access to companies who want a state-of-the-art business management system. To that end, we are currently working with several combination channel distribution/integration partners to promote our software in North America. We are implementing an aggressive marketing plan for 2000 that includes advertising in several prominent industry-specific publications and demonstrating our product at national trade shows. We plan to develop contacts with industry analysts and publicists who can take our story to the media. Changes in the marketplace are creating exciting new opportunities, such as the one that exists within the energy industry, which is currently going through deregulation.

The market's initial response to WRITE2k has been very enthusiastic, and we are extremely excited about its future as our flagship product. This new platform is also key to making other HTC entities, such as its ILEC, CLEC and wireless businesses, gain a competitive edge. WRITE2k will provide a tool that the competition does not have.

Management's Discussion and Analysis

BUSINESSES

Hickory Tech Corporation (HTC) operates in five business sectors. Its largest and oldest business (since 1898) has been the operation of independent local exchange carriers (ILECs) or telephone service. This business is HTC's Telephone Sector. In 1998, HTC began its new competitive local exchange carrier (CLEC) business, competing for the telephone dial tone, data and long distance calling business in other ILECs' territories. HTC identifies this business as its Communications Services Sector. Also in 1998, HTC acquired its first wholly owned cellular service license and in 1999 acquired an additional cellular service license. This business is HTC's Wireless Services Sector. Since 1964, HTC has provided computer data processing and software, predominantly to other telecommunications companies and for its own operations. This business is HTC's Billing/Data Services Sector. Since 1990, HTC has operated as a leading telecommunications equipment distributor from a base in Minneapolis/St. Paul, Minnesota. This is HTC's Communications Products Sector.

THE COMPANY

The nine subsidiaries of HTC and the business sectors they operate in are:

TELEPHONE
- Mankato Citizens Telephone Company
- Mid-Communications, Inc.
- Amana Colonies Telephone Company
- Heartland Telecommunications Company of Iowa, Inc.
- Cable Network, Inc.

COMMUNICATIONS SERVICES
- Crystal Communications, Inc.

WIRELESS SERVICES
- Minnesota Southern Wireless Company

BILLING/DATA SERVICES
- National Independent Billing, Inc.

COMMUNICATIONS PRODUCTS
- Collins Communications Systems Co.

CORPORATE DEVELOPMENTS

1999

In May, sold 6.4% equity interest in Midwest Wireless Communications, LLC, a rural cellular provider in southern Minnesota.

In June, acquired 200,000 population equivalents (pops) cellular license surrounding metropolitan Minneapolis/St. Paul from McElroy Electronics Corporation.

At year-end 1999, internal growth had taken HTC to 63,000 ILEC access lines, 3,700 CLEC access lines, 20,000 wireless customers, 5,800 internet customers and 12,000 long distance customers.

1998

In January, initiated long distance and internet services and established Crystal Communications as a startup company to offer competitive telephone service as a CLEC.

In May, acquired 16,000 customer, 230,000 pops, cellular business in southern Minnesota, Minnesota RSA 10.

In September, sold Digital Techniques Inc. subsidiary (telecommunications equipment in Dallas, TX).

1997

In April, acquired 13,000 access lines from U.S. West in Iowa, Heartland.

In July, sold DBS – DirecTV rights in seven Minnesota counties.

In November, acquired a data equipment sales business (Datacomm Products) in metropolitan Minneapolis/St. Paul. This business is part of the Communications Products Sector.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis and other sections of this Annual Report contain forward-looking statements that are based on current expectations, estimates and projections about the industry in which HTC operates, management's beliefs and assumptions. Words such as expects, anticipates, intends, plans, believes, seeks, estimates, and variations of such words and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements are subject to uncertainties that could cause HTC's future actual results to differ materially from such statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and probabilities, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements, whether as a result of new information, future events or otherwise. 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. HTC undertakes no obligation to update any of its forward-looking statements for any reason.

CONSOLIDATED RESULTS OF OPERATIONS

1999 Compared to 1998

- 1999 consolidated operating revenues were $97.1 million, a $2.5 million or 2.6% increase over 1998. A subsidiary, Digital Techniques, Inc. (DTI), was sold in September 1998. It contributed $5,580,000 to consolidated operating revenues in 1998. HTC's first wireless acquisition, RSA 10, added $7,907,000 in partial year revenues for 1998 and $14,078,000 for the full year 1999. HTC's second wireless acquisition, Metro A-2, provided $2,730,000 in partial year revenues for 1999. Without the effect of selling DTI, consolidated operating revenues in 1999 would have increased 9.1% over 1998. Without the effect of selling DTI and the acquisitions of cellular licenses in both 1999 and 1998, consolidated operating revenues in 1999 would have decreased 1% from 1998.

- 1999 consolidated net income of $14.7 million represents a $1.1 million or 8.4% increase over 1998. The 1999 net income includes a $5.2 million after-tax gain from the sale of HTC's 6.4% equity interest in Midwest Wireless Communications, a southern Minnesota cellular partnership. 1998 consolidated net income of $13.5 million includes $811,000 of after-tax gains (from sale of DTI and unrelated securities). Without the effect of gains in either year, consolidated net income would have decreased 25.7% from 1998.

1998 Compared to 1997

- 1998 consolidated operating revenues were $94.6 million, an $18.1 million or 23.7% increase over 1997. In addition to the effects of DTI and RSA 10, as previously mentioned in the 1999 consolidated operating revenues highlight, HTC's acquisition of Datacomm Products in November 1997 and of Heartland in April 1997 all affected the increase. Without the effect of DTI, RSA10, Datacomm and Heartland, Consolidated revenues in 1998 would have increased 6.3% over 1997.

- 1998 consolidated net income of $13.5 million represents a $2.0 million or 12.6% decrease from 1997. The 1998 net income includes $811,000 of after-tax gains as previously mentioned in the 1999 consolidated net income highlight. 1997 consolidated net income of $15.5 million includes $3.7 million of after-tax gains from the sale of DirecTV assets. Without the effect of gains in either year, consolidated net income would have increased 8.0%.

In the sector operation discussions that follow, specific explanations for year-to-year changes are given. An overall review of the year-to-year changes in HTC operations is provided in the following table.

OVERALL SUMMARY OF OPERATIONS

Year Ended December 31,	**1999**	1998	1997
	(Dollars in thousands, except per share amounts)		
Operating Income			
Telephone	**$ 23,867**	$ 22,274	$ 19,203
Communications Services	**(4,149)**	(1,581)	–
Wireless Services	**3,347**	1,839	–
Billing/Data Services	**(486)**	1,776	1,795
Communications Products	**1,137**	2,396	2,198
Corporate	**(2,097)**	(2,012)	(2,540)
	21,619	24,692	20,656
Other Income	**953**	1,445	1,762
Interest Expense	**(6,513)**	(4,596)	(2,292)
Income Taxes	**(6,606)**	(8,826)	(8,352)
Net Income Before Gains*	**$ 9,453**	$ 12,715	$ 11,774
Earnings Per Share Before Gains	**$ 0.69**	$ 0.93	$ 0.85
Earnings Per Share from Gain on Sale of Assets	**$ 0.38**	$ 0.06	$ 0.27
Total Basic Earnings Per Share	**$ 1.07**	$ 0.99	$ 1.12
Weighted Average Shares Outstanding	**13,746,053**	13,637,058	13,811,871

* Excludes net of tax gains from sale of assets of $5,213,000 in 1999, $811,000 in 1998 and $3,705,000 in 1997.

TELEPHONE

Telephone Sector revenues represented 52% of 1999 consolidated operating revenues after eliminations. They were earned primarily by providing customers access to the Telephone Sector's 63,286 access line local network and by providing interexchange access for long-distance network carriers. The Telephone Sector also earns revenue through use of its fiber optic transport network, network tandem switching and directory advertising. Total Telephone Sector revenues after eliminations have grown 11.5% compounded annually over a five-year period from 1994 to 1999. Without the acquisition of Heartland in 1997, the five-year compound annual growth rate would have been 6.3%.

TELEPHONE

(Dollars in Thousands)	**1999**	1998	1997
Revenues Before Eliminations			
Local Service	**$ 12,260**	$ 11,460	$ 8,817
Network Access	**29,760**	28,696	25,594
Other	**12,135**	8,939	8,501
	54,155	49,095	42,912
Cash Operating Expenses	**22,727**	19,237	17,025
Non-Cash Operating Expenses	**7,561**	7,584	6,684
	30,288	26,821	23,709
Operating Income	**$ 23,867**	$ 22,274	$ 19,203
Net Income	**$ 14,431**	$ 13,790	$ 11,879
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) [1]	**$ 31,428**	$ 29,858	$ 25,887
Capital Expenditures	**$ 12,935**	$ 7,572	$ 11,431

From the table above, Telephone revenues before eliminations increased 10.3% in 1999 and 14.4% in 1998. The Heartland acquisition in April 1997 added $6.4 million, $9.7 million and $10.7 million to revenues in 1997, 1998 and 1999, respectively. Without the effect of Heartland, the Telephone revenue increase would have been 10.3% in 1999, 6.7% in 1998 and 5.8% in 1997.

Local service revenue increased in the Telephone Sector by 7.0% for 1999 over 1998 and 30.0% for 1998 over 1997. The Heartland effect on local service revenue was $2,627,000 in 1998 and $1,780,000 in 1997. After removing the effect of the Heartland acquisition, the local service revenue increase for 1998 was 25.5%. The increases are significant considering they exceeded the growth in access lines served. The revenue increases occurred with promotion and packaging of vertical services (caller identification, call waiting, three-way calling, etc.) to supplement basic line charges. Access line growth was 3.2% in 1999 and 3.6% in 1998. Local service rates increased beginning in February 1998, providing $1,328,000 in additional local revenues in 1998. Further local service rate increases are planned for February 2000.

Network access revenue increased 3.7% in 1999 and 12.1% in 1998. The Heartland effect on network access revenue was $6,307,000 in 1998 and $4,176,000 in 1997. After removing the effect of the Heartland acquisition, network access revenue would have increased 4.5% in 1998. Access minutes in 1999 increased 3.3% over 1998 and in 1998 (without the effect of the 75,000,000 minutes of use from Heartland in 1998 and 48,000,000 in 1997) increased by 3.2% over 1997. The negative effects of network access pricing, a common industry trend, will erode the increases in volume of switched minutes of use, minimizing future increases in network access revenue.

Other revenues increased $3,196,000 or 35.7% in 1999 due mainly to intercompany service for the Communications Services Sector. In 1999, the increase included $2,844,000 of services to the Communications Services Sector. The services are primarily related to engineering assistance provided to construct the CLEC telephone network and the use of the Telephone Sector's telephone switch by the Communications Services Sector. These revenues are eliminated from operating revenues on the Consolidated Statements of Income.

Cash operating expenses increased 18.1% in 1999 and 13.0% in 1998. The increases were due to the activity associated with the addition of Heartland and services to the Communications Services Sector noted above. The Telephone Sector is striving for cost efficiencies and technological improvement to maintain its cash operating margins.

The Telephone Sector capital expenditures in 1999 include $5,523,000 for the building of new fiber optic routes outside of this sector's service territory. The remainder of the 1999 capital expenditures of $7,412,000 are comparable to those in 1998.

COMMUNICATIONS SERVICES

The Communications Services Sector was new in 1998. In 1998, the Wireless Services Sector was included in the Communications Services Sector. All 1998 Communications Services Sector amounts have been restated to eliminate amounts relating to the Wireless Services Sector. Communications Services Sector revenues represented approximately 3% of 1999 consolidated operating revenues after eliminations. They are earned primarily by providing competitive local telephone service and by reselling long distance service.

HTC is investing in new business development with this sector. Its local service and long distance activities operated at negative EBITDA of $3,864,000 in 1999 and $1,550,000 in 1998. The sector also invested $10,912,000 in 1999 and $270,000 in 1998 in capital expenditures. Access lines served in this sector have grown from 344 at the end of 1998 to 3,704 at the end of 1999. HTC plans to continue this investment to a larger degree over the next several years. In 2000, this sector's capital expenditures are expected to be between $10 and $15 million for CLEC overbuilds, network switching equipment and transport routes for the competitive local exchange business. While the customer acquisition costs may be high for the initial years of this aggressive growth plan, the long-term benefits could be substantial.

COMMUNICATIONS SERVICES

This business and this sector began in 1998

(Dollars in Thousands)	**1999**	1998
Revenues Before Eliminations		
Long Distance	**$ 2,738**	$ 1,271
Local Service	**907**	360
	3,645	1,631
Cash Operating Expenses	**7,509**	3,181
Non-Cash Operating Expenses	**285**	31
	7,794	3,212
Operating Loss	**$ (4,149)**	$ (1,581)
Net Loss	**$ (2,523)**	$ (655)
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**$ (3,864)**	$ (1,550)
Capital Expenditures	**$ 10,912**	$ 270

The significant increase in operating revenues and expenses in 1999 was the result of the Communications Services Sector expanding their CLEC operations from one community in Minnesota

as of January 1, 1999 to eight communities in Minnesota and six communities in Iowa as of December 31, 1999. Additional expansion in the communities currently served as well as expansions to new communities is planned for 2000.

WIRELESS SERVICES

This business began in 1998. The Wireless Services Sector was reported as part of the Communications Services Sector in 1998. Wireless Services Sector revenues represented approximately 17% of 1999 consolidated operating revenues after eliminations. They are earned primarily by providing wireless and prepaid cellular telephone service to subscribers in seven counties in south central Minnesota, reselling paging and long distance services and by providing roaming service to customers and to other service providers. The Wireless Services Sector is the result of wireless service area license acquisitions in May 1998 and June 1999.

In the wireless business, HTC sees a unique opportunity to increase customer penetration levels and deploy new digital service options to its customers. While the customer acquisition costs may be high for the initial years of this aggressive growth plan, the long-term benefits should be substantial. Customers served in this sector have grown from 15,955 at the end of 1998 to 20,309 at the end of 1999.

In 1998 and 1999, the Wireless Services Sector invested $7,975,000 in capital expenditures for its cellular businesses for this two-year period. In 2000, this sector's capital expenditures are expected to be between $1,500,000 and $2,500,000 for cellular digital upgrades, towers and network switching equipment.

WIRELESS SERVICES

This business began in 1998 and is reported as a separate sector for the first time in 1999.

(Dollars in Thousands)	**1999**	1998
Revenues Before Eliminations		
Service	**$ 6,617**	$ 3,913
Roaming	**8,019**	3,339
Long Distance	**2,172**	655
	16,808	7,907
Cash Operating Expenses	**10,257**	4,778
Non-Cash Operating Expenses	**3,204**	1,290
	13,461	6,068
Operating Income	**$ 3,347**	$ 1,839
Net Income	**$ 1,931**	$ 1,099
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**$ 6,551**	$ 3,129
Capital Expenditures	**$ 4,251**	$ 3,724

The table above reflects an approximate doubling of all line items due to the full year operations of the southern Minnesota RSA 10 cellular business and the June 1999 acquisition of the Minneapolis/St. Paul Metro A-2 cellular business. The roaming and long distance revenues increased significantly due to the cellular operations of the Metro A-2 acquisition being currently a primarily roaming traffic business.

BILLING/DATA SERVICES

Billing/Data Services Sector revenues represented approximately 5% of 1999 consolidated operating revenues after eliminations. Revenues are earned by providing information management solutions, principally for HTC subsidiaries, other local telephone companies, long distance resellers, CLECs, wireless companies, municipalities and utilities.

The Billing/Data Services Sector's principal activity is the provision of monthly batch processing of computerized data. The sector has completed development of a wireless telecommunications billing and customer care solution software package and is developing a wireline system for sales on a turnkey or a service bureau basis. In the fourth quarter of 1999, the sector successfully beta deployed the new wireless software package, marketed as WRITE2k in the Wireless Services Sector.

BILLING/DATA SERVICES

(Dollars in Thousands)	**1999**	1998	1997
Revenues Before Eliminations	**$ 7,514**	$ 10,533	$ 11,821
Cash Operating Expenses	**7,746**	8,494	9,163
Non-Cash Operating Expenses	**254**	263	863
	8,000	8,757	10,026
Operating Income/(Loss)	**$ (486)**	$ 1,776	$ 1,795
Net Income/(Loss)	**$ (221)**	$ 1,184	$ 1,208
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**$ (232)**	$ 2,039	$ 2,658
Capital Expenditures	**$ 148**	$ 247	$ 258

From the table above, Billing/Data Services Sector revenues before eliminations decreased 28.7 % in 1999 and 10.9% in 1998. The sector's focus in 1999 was split between (1) the development of the new WRITE2k billing and customer care software package and introducing the product to the market, as well as (2) continued service to the existing customer base. The current customer base revenue primarily is driven by service bureau processing to long distance resellers, CLECs and local telephone companies. The fluctuations of revenue in this sector are more pronounced because of the size and quantity of the contracts. In 1998, the service to a large CLEC began to decline, and in 1999, this CLEC took its service in-house and did not utilize the sector's services. The revenues attributable to this customer were $3,241,000 in 1998 and less than $100,000 in 1999.

Operating expenses in the Billing/Data Services Sector have declined significantly in 1999 and 1998 as compared to 1997 due to cost cutting measures and the completion of amortization of previously capitalized software development costs. There were no capitalized software development costs on the balance sheet in 1998. At December 31, 1999, $251,000 was recorded on the balance sheet for the development of WRITE2k. The non-cash operating expenses in 1999 and 1998 are made up exclusively of depreciation of buildings and equipment.

The sector made a $750,000 payment to Sepro Telecom Int. Ltd. of Dublin, Ireland in 1997 in formation of a joint software development agreement, which was a direct charge to earnings in 1997.

COMMUNICATIONS PRODUCTS

Communications Products Sector revenues represented approximately 23% of 1999 consolidated operating revenues after eliminations. Revenues are earned primarily by the sale, installation and service of business telephone systems and data communications equipment primarily in metropolitan Minneapolis/St. Paul, Minnesota. The customers in this sector's market are the individual commercial/business end users of telecommunications service with ongoing service needs. This sector's products consist of telecommunication platforms such as Nortel and Octel on the voice side of its business, and Cisco and Bay (Nortel) equipment on the data side of its business. This sector's expertise is the quality installation and maintenance of wide area and local telecommunications networks for end user customers.

COMMUNICATIONS PRODUCTS

(Dollars in Thousands)	**1999**	1998	1997
Revenues Before Eliminations			
Installation	**$ 12,470**	$ 13,543	$ 5,362
Service	**10,106**	9,598	10,672
DTI	**–**	5,580	8,119
	22,576	28,721	24,153
Cash Operating Expenses	**21,120**	25,975	21,702
Non-Cash Operating Expenses	**319**	350	253
	21,439	26,325	21,955
Operating Income	**$ 1,137**	$ 2,396	$ 2,198
Net Income	**$ 565**	$ 1,323	$ 1,235
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	**$ 1,456**	$ 2,746	$ 2,451
Capital Expenditures	**$ 269**	$ 345	$ 363

From the table above, revenues for 1999 decreased 21.4% from 1998. The Digital Techniques, Inc. (DTI) operations were sold in September 1998. Without the revenues of DTI in 1998, revenues would have decreased $565,000 or 2.4%. The Communications Products Sector experienced apprehension from customers during the second half of 1999 due to concerns of Y2K issues. This may affect revenues for the first quarter of 2000 as well.

TOTAL COSTS AND EXPENSES

Total consolidated costs and expenses after eliminations increased 8.0% in 1999. Depreciation and amortization increased $2,122,000 in 1999 and $1,735,000 in 1998 due primarily to acquisitions. Costs and expenses other than depreciation and amortization were $63,603,000 in 1999, compared with $60,156,000 in 1998. The primary reasons for the changes, as explained in the earlier sector discussions, were the additions of the cellular telephone businesses and the internal startup of the Communications Services Sector in 1999 and 1998. The Communications Services Sector's internal startup costs include the hiring of staff prior to revenue streams and paying interconnection fees to incumbent carriers for transferring customers to the CLEC telephone network. The 1999 additional expenses were offset by the divestiture of DTI in September 1998.

OTHER INCOME AND INTEREST EXPENSE

Other income (primarily interest and equity in LLC income) was $492,000 lower in 1999 than 1998. Included in other income was HTC's 6.4% equity interest in Midwest Wireless Communications, LLC. HTC sold this equity interest in May 1999. The overall decrease in other income in 1998 resulted from gains on sales of certain assets of $580,000 during 1997.

Interest expense increased by $1,917,000 in 1999 due to the increase in the revolving credit facility of $36 million utilized for the additional cellular telephone business acquisition and additional capital expenditures in the startup activities of the Communications Services Sector. Interest expense increased by $2,304,000 in 1998 over 1997 due to a new $45 million revolving credit facility obtained in April 1998 and the full year impact of a $40 million senior indebtedness initiated in April 1997. The revolving credit facility had a weighted average interest rate of 6.65% in 1999. The revolving credit facility's weighted average interest rate is variable and was 7.85% at December 31, 1999. The senior indebtedness accrues interest at a fixed rate of 7.11% and was used for the Heartland acquisition.

GAIN ON SALE OF ASSETS

The 1999 gain on sale of assets of $9.2 million is the result of HTC selling its minority interest in Midwest Wireless Communications, LLC in May 1999. HTC received proceeds of $12.8 million on the transaction. The 1998 gain on sale of assets is recognition of two separate transactions. In September 1998, HTC received proceeds of $4.25 million from selling 100% of its ownership in DTI, resulting in a pre-tax gain of $0.3 million. Also in September 1998, HTC recorded a pre-tax gain of $1.0 million on proceeds of $1.5 million from the sale of its stock investment in Illuminet Holdings, Inc. The 1997 gain on sale of assets of $6.3 million is recognition of the $7.2 million proceeds from selling HTC's DirecTV DBS assets in July 1997, when its amortized book value was $0.9 million.

INCOME TAXES

The effective tax rate in 1999 was 41.9%, versus 40.7% in 1998 and 41.5% in 1997. For additional information, see Note 8 of Notes to Consolidated Financial Statements.

FINANCIAL CONDITION, RESOURCES AND COMMITMENTS

REVIEW OF CASH FLOWS

HTC's net working capital of $5,045,000 at December 31, 1999, is a decrease of $3,936,000 from 1998. HTC operates in capital intensive businesses. Additions to property, plant and equipment are one of HTC's largest investing activities using $55,018,000 of working capital in the three years ended 1999.

Cash flows from operations continue to be a steady source of funds for HTC, primarily coming from the Telephone Sector. Since 1997, HTC has generated over $58,000,000 from operations.

Cash flows used in investing activities have been predominantly for acquisitions during the last three years. HTC completed the acquisitions of cellular property in 1999 and 1998 for $41,500,000 and $40,300,000, respectively. In 1997, HTC completed the purchase of rural telephone exchanges in Iowa for $35,271,000. In addition to the acquisitions, HTC's capital expenditures, as noted above, have been the next largest use of cash investing activities.

For cash flows from financing activities, aside from the routine payment of shareholder dividends, acquisition funding required the most activity. The 1999 and 1998 cellular acquisitions were funded by a revolving credit facility with a bank syndication. The 1997 telephone property acquisition was funded by long-term debt instruments, which HTC secured from institutional sources in a private placement. In addition, HTC used $7,716,000 to purchase outstanding shares of its common stock in 1997 as part of its publicly announced share acquisition program. HTC has not purchased its own stock since October 1997.

DIVIDENDS

HTC paid dividends of $6,048,000 in 1999. This was a dividend of $0.44 per share. The dividend per share rate was the same as in 1998. HTC's reinvested growth in equity has come about while annually paying cash dividends to shareholders. Paying at the existing level of dividends is not expected to negatively impact the liquidity of HTC.

LIQUIDITY AND CAPITAL RESOURCES

In 1999, HTC's acquisition of the Minneapolis/St. Paul Metro A-2 cellular business was funded by increasing HTC's available credit under its revolving credit facility from $45 million to $90 million. The financing transaction for the acquisition closed in May 1999. HTC's 1998 acquisition of the southern Minnesota RSA 10 cellular business was funded by HTC's original $45 million revolving credit facility. The financing transaction for this acquisition closed in April 1998. HTC's 1997 purchase of Heartland was funded by new long-term debt instruments, which HTC secured from institutional sources in a private placement. The financing transaction for this acquisition closed in April 1997.

Cash provided from operations and access to new debt continue to be HTC's primary sources of funds. Cash provided from operations (before changes in assets and liabilities) was $20,481,000 in 1999. Proceeds from sales of assets also provided $12,971,000 in 1999, $5,483,000 in 1998 and $8,320,000 in 1997. In 1997, HTC received proceeds of $42,512,000 in debt, in 1998 it received another $34,538,000 in debt and in 1999 it received $36,000,000 in additional debt. As of December 31, 1999, after payments, total debt was $111,361,000. This relationship to EBITDA for 1999 is within the terms of HTC's debt covenants. HTC's financial strength continues to be supported by its 1999 current ratio (1.3 to 1), its EBITDA and its proven access to debt markets.

HTC uses a combination of variable rate short-term and fixed rate long-term financial instruments as of December 31, 1999. HTC continually monitors the interest rates on its short-term bank loans and long-term senior indebtedness. A higher level of interest expense is likely to occur in 2000 because of expanded use of the revolving credit facility for additional capital expenditures in the Communications Services Sector and higher weighted average rates. Based on HTC's banking relationships and the level of financing activity taking place in HTC's industry, no difficulty in corporate financing is anticipated by HTC.

HTC has not conducted a public equity offering. It operates with original equity capital, retained earnings and recent additions to indebtedness in the form of senior debt and bank lines of credit. HTC may use public equity markets in conjunction with further expansion of HTC's debt capacity to fund its future growth plans. HTC believes its 1999 level of debt to total capital is ideal.

REGULATORY

HTC's Minnesota telephone subsidiaries increased local rates, effective February 1998, adding approximately $1,328,000 of revenues in 1998. The Minnesota Department of Public Service has the authority to investigate rates and profits of telephone companies in Minnesota. The Minnesota state telephone industry is regulated by law so that companies with less than 50,000 customers have their prices regulated instead of their profits. HTC's two Minnesota telephone subsidiaries fall under this reduced level of regulation. HTC's telephone subsidiaries' local service rates are substantially lower than most neighboring telephone companies. This relieves HTC of substantial regulatory oversight. In the state of Iowa, HTC's operations fall below the 15,000 access line minimum level for regulation by the Iowa Utilities Board. No regulatory matters in Iowa affect HTC's current operation. In November 1999, HTC informed the Minnesota Department of Public Services of a local rate increase to be effective in February 2000, adding approximately $870,000 to projected revenues in 2000. Even after the Minnesota rate increases, HTC's overall local service rates remain lower than most adjacent providers.

The Telephone Sector's four local exchange telephone companies have had their interstate access rates established through nationwide average service costs of other telephone companies in a nationwide pool of companies known as National Exchange Carriers Association (NECA). These "average schedules" implement the FCC rules and changes in regulation as they apply to the other companies which are in the NECA pools, and ultimately establish the prices that the Telephone Sector can charge for interstate access. There has been a decline in the level of interstate access charges for several years, and HTC foresees a continuation of this trend. None of the Telephone Sector's four local exchange tele-

phone companies receives any payments from the FCC Universal Service Fund. They do participate in the funding of this Universal Service Fund by the access charges they collect from interexchange carriers and contribute part of these access charges to pools designed for reimbursing high cost telecommunications areas.

In September 1999, by order of the FCC, HTC moved its two Iowa companies from "average schedule" status for interstate traffic to a pure "cost basis" form of revenue recognition and tariffs. This means that, for the two Iowa companies, interstate access revenues are determined based on the specific companies' cost of service rather than nationwide averages of other companies. In its initial stages, the switch from "average schedule" to "cost basis" for Iowa's interstate revenue has reduced company revenues by less than $200,000 on an annualized basis.

HTC's Communications Services Sector operates in Minnesota and Iowa with less regulatory oversight than HTC's Telephone Sector. A CLEC petitions regulators for authority to operate in certain geographic areas, submits tariffs to describe services and the rates at which it will provide service, and submits interconnection agreements it has reached with other carriers for regulatory review. However, there is no regulatory oversight of the prices charged or the rate of return earned by the CLEC. This is also the case with HTC's Wireless Services Sector.

COMPETITION

For HTC's Telephone Sector, competition can come from television service providers with coaxial cables to the home, national CLECs, fixed-point wireless service providers or alternative sources of dedicated private lines, data and internet services. Regulatory decisions, new technology and the convergence of other industries with the telecommunications industry are causes of increasing competition in all of HTC's sectors. The Telephone Sector is responding by marketing its products and engineering its infrastructure to be an active participant in the new environment. In Iowa, the Telephone Sector has experienced CLEC competition from others, but its impact has been minimal. In Minnesota, although other competitive telephone service providers have petitioned for the right to serve in the Sector's territories, none have delivered service yet. On the other hand HTC's Communications Services Sector is pioneering future avenues of growth including developing competitive local exchange carrier operations in areas not served by HTC's Telephone Sector. HTC has unique advantages in its existing host switching network, its customer service systems, its existing account relationships, its billing and data management expertise and its experience in telephone system engineering and interconnection negotiation. HTC's endeavors in this newly competitive market are complements to its existing business, and are proving that competition is more of an asset to HTC's growth than a threat. HTC's CLEC initiatives are in rural markets where minimal additional CLEC competition will exist.

HTC operates businesses in several different markets. HTC monitors the technological changes and competitive and regulatory environment of the telecommunications business and develops strategies to address these changes. HTC evaluates the way it conducts business in order to further improve customer responsiveness and quality. HTC shares the RSA 10 wireless market with at least one competitor and has equal market share with it. There is one operating PCS carrier in HTC's southern Minnesota wireless markets. There are natural competitors in HTC's Communications Products Sector and the Billing/Data Services Sector, offering different stature and products. HTC has a unique niche in these markets, and no extraordinary threat to competition is perceived.

BUSINESS OUTLOOK

HTC operates in several different markets, primarily in the service business. Management reacts to the competitive market forces of its customers that have fluctuations in their own volume of telecommunications services required, and this translates into fluctuations in volume of business for HTC. HTC monitors the technological changes and competitive and regulatory environment of the telecommunications business and addresses these changes in ways unique to the telecommunications business.

HTC has consistently maintained high EBITDA margins by running its telephone operations efficiently while prudently diversifying into other profitable niches in telecommunications. The diversification into sectors other than the Telephone Sector provides greater opportunities for dynamic internal growth. The diversification of HTC reduces the dependence of HTC on any one market, business, economy or regulatory environment. In order to achieve HTC's continuous growth objectives, it will rely on the maturation of the business plans for its existing five Sectors and continued research of the many telephone industry acquisition candidates to find those that are strategic to HTC.

(1) - *EBITDA represents operating income plus depreciation and amortization expense. EBITDA, which is not a measure of financial performance or liquidity under generally accepted accounting principles, is provided because such information is used by certain investors when analyzing the financial position and performance of HTC. Because of the variety of methods used by companies and analysts to calculate EBITDA, and the fact that EBITDA calculations may not accurately measure a company's ability to meet debt service requirements, caution should be used in relying on any EBITDA presentation. HTC sees value in disclosing its calculation of EBITDA for the financial community and in displaying the change in EBITDA. HTC believes an increasing EBITDA depicts increased ability to attract financing and increased valuation of HTC's business.*

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(not pictured):

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Vice President

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Vice President,
Chief Financial Officer,
Treasurer and Secretary

John W. Finke
Vice President

Mary T. Jacobs
Vice President

F. Ernest Lombard
Vice President

Bruce H. Malmgren
Vice President

In Memoriam

Jane Rush
(1945-1999)

On December 17, 1999, HTC lost a valuable asset and dear friend. Jane Rush, HTC's Public Relations Director from 1993 to 1999, was our ambassador to the "outside world." She effected positive change through her work with the HTC Foundation and by widening communications with governmental policy makers, civic leaders, the media and our shareholders. Jane will be remembered for her vibrant spirit and untiring devotion to HTC, the employees and the community she served so well.

Common Stock Prices*

Quarterly market price information for five years ended 1999 is as follows:

Year	Qtr.	High	Low	End of Qtr.
1999	4th	$15.3125	$12.7500	$15.0000*
	3rd	14.0000	9.8750	14.0000*
	2nd	11.2500	10.0000	11.2500*
	1st	14.2500	10.2500	11.2500*
1998	4th	$13.0000	$11.0000	$12.6250**
	3rd	15.5625	10.6250	12.3750**
	2nd	14.6875	12.2500	13.4375**
	1st	12.8125	11.6875	12.3750**
1997	4th	$11.9375	$10.9375	$11.6875**
	3rd	10.9375	$9.0625	$10.6875**
	2nd	10.0000	$8.9375	$9.2500**
	1st	10.1875	$9.0000	$9.4375**
1996	4th	$9.5000	$8.4375	$9.1250**
	3rd	10.0000	8.1875	8.5000**
	2nd	10.3125	8.6875	9.3750**
	1st	10.5000	8.9375	9.1825**
1995	4th	$11.3125	$10.1875	$10.4375**
	3rd	11.8125	10.3125	11.0625**
	2nd	11.9375	9.3125	10.8750**
	1st	11.8125	10.5625	11.4375**

All prices are adjusted to reflect 1998 stock split. See footnote #5 in Audited Financial Statements. This adjustment has also been made to Dividends below.
** Price is last day ending price.*
*** Price is last five-day average computed due to low volume.*
High/Low prices above are end-of-day highs and lows, and do not reflect intraday high and low prices.

Common Stock Dividends

Dividends in 1999, 1998, 1997, 1996 and 1995 were as follows:

	1999	1998	1997	1996	1995
First Quarter	.11	.11	.10	.0917	.0833
Second Quarter	.11	.11	.10	.0917	.0833
Third Quarter	.11	.11	.10	.0917	.0833
Fourth Quarter	.11	.11	.10	.0917	.0833

Year 2000 Dividend Schedule

Declaration Date	Record Date	Payable Date
Feb. 2, 2000	Feb. 15, 2000	March 5, 2000
March 29, 2000	May 15, 2000	June 5, 2000
June 28, 2000	Aug. 15, 2000	Sept. 5, 2000
Oct. 25, 2000	Nov. 15, 2000	Dec. 5, 2000

WEBSITE
The HTC home page address is:
http://www.hickorytech.com

NASDAQ LISTING
HTC's common stock is listed on The Nasdaq Stock Market® under the ticker symbol HTCO. Typical newspaper listings are "Hickry Tch" or "Hickory".

TRANSFER AGENT, REGISTRAR and DIVIDEND DISBURSING AGENT
Norwest Bank Minnesota, N.A., Shareowner Relations, P.O. Box 64853, St. Paul, MN 55164-0853. Telephone: 1-800-468-9716. For information about accounts, stock certificates, transfers or dividend checks, contact Norwest Bank Stock Transfer, Shareowner Relations.

ANNUAL MEETING
The Annual Meeting of Hickory Tech Corporation shareholders is at 2:00 P.M. (central time) on the second Monday in April (April 10, 2000) at the Holiday Inn in downtown Mankato, located at the intersection of Riverfront Drive and East Main Street, Mankato, Minnesota.

SHAREHOLDER RELATIONS
General information about HTC or its reports may be directed to Shareholder Services at Corporate Headquarters.

INVESTOR RELATIONS
Information requests from members of the investment community and the news media should be addressed to Public Affairs Services at Corporate Headquarters.

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