

SRT

Communications, Inc.



BROADBAND

DIAL-UP INTERNET

LONG DISTANCE

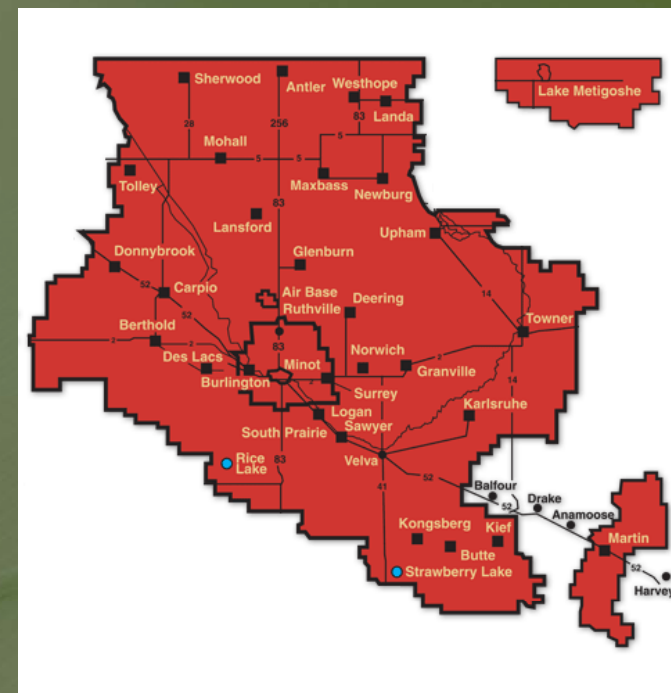
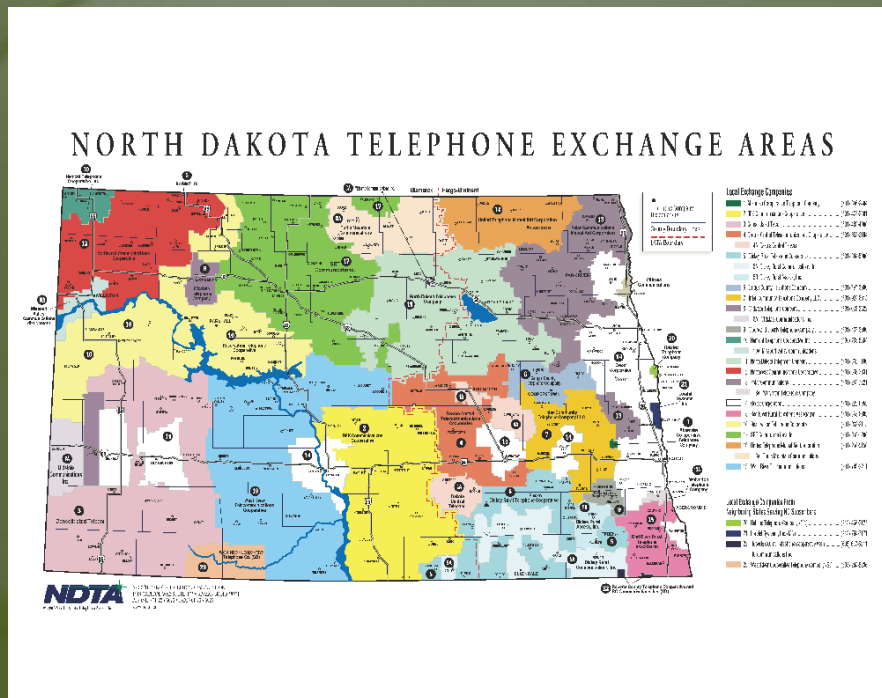
TELECOM

WIRELESS

BUNDLED SERVICES

SRT Communications Inc.

- SRT is located in North Central North Dakota and is headquartered in Minot. We serve Minot, Minot AFB and the surrounding rural communities



SRT Communications Inc.



- *SRT Service Area*

- 7,347 Square Miles
- 7,083 miles of Fiber and Cable
- 215 Employees
- \$46,000,000 Annual Operating Revenue
- \$109,000,000 in Total Assets

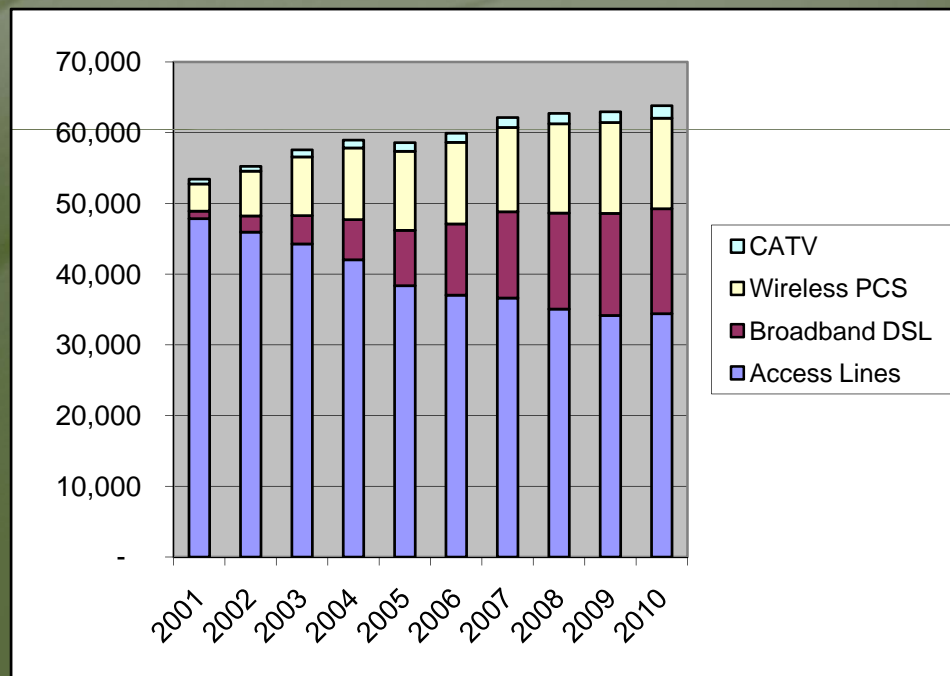


SRT Customers

- 34,000 Access Lines
- 15,500 Internet
 - ▶ 14,500 Broadband DSL
- 18,000 LD Customers
- 13,000 PCS Wireless Customers
- 1,800 CATV Customers
 - ▶ 18 rural communities outside of Minot



Growth in Customers



- Overall growth in Core Services
- Growth in Wireless, Broadband and TV
- Steady decline in traditional landline voice services

SRT Communications Inc.

- *Other Services*
 - Access Tandem
 - NOC Services (24 Hour)
 - ISP Services
 - Maintenance on MAFB for the Military
 - Answering Service
 - Security Systems
 - IP-Based Phone Systems



SRT Communications Inc

- *Who is SRT?*
 - SRT is a locally-owned Cooperative
 - ▶ Owned by Members who buy services
 - There are no membership “fees”
 - There is no stock to purchase
 - Member/Owners Earn Equity through the annual Capital Credit Allocations, which are based on the amount of services you purchase
 - ▶ One Member – One Vote
 - Each member has equal say regardless of size or amount of services purchased

SRT Communications Inc

- ***SRT is a Regular Corporation***

“Cooperative merely indicates form of ownership”

- Tax Status

- ▶ Originally - Non-Taxable Cooperative

- ▶ Today - Fully Taxable Corporation

- File 1120 / ND Corporate Tax Return

- ▶ Subject to all Taxes

- Real Estate Tax - Utilities pay a “Gross Receipts Tax”

- Federal Excise Tax

- Sales Tax

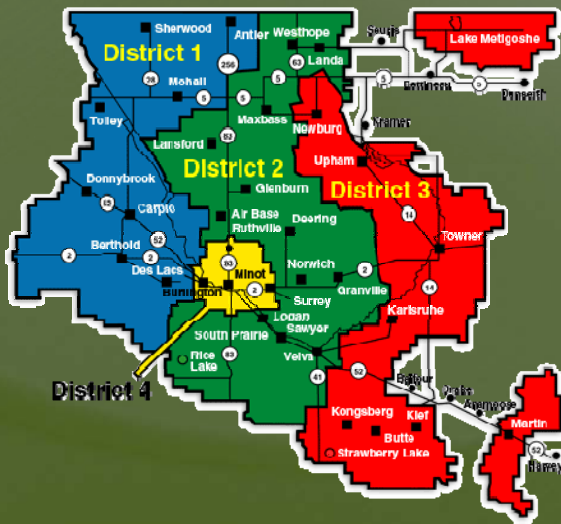
SRT Communications Inc

- Mission Statement
 - ***Our mission*** is to provide competitively priced, high quality communications services which are responsive to the needs of our customers. We recognize that our employees are vital to the implementation of this mission, and we will strive to equip them with the tools necessary to attain our goals and objectives. We are committed to being good stewards of our owners' investment, to ensure long term financial viability.
 - ***Our Vision*** is to be recognized by our customers, employees, and the communities we serve as an innovative company, dedicated to making the lives of those we serve better by virtue of the services we offer them.



SRT Board of Directors

- ▶ Local Directors
- ▶ Elected
by Members
- ▶ Vote by District



SRT Executive Staff



Steve Lysne
General Manager
Chief Executive Officer



John Reiser
Assistant General Manager
Chief Operations Officer



Perry Erdmann
Chief Financial Officer



Christine Morsfield
Director of Corporate
Communications



Shawn Grosz
Director of
Network Technology



Tim Burckhard
Director of Field Operations



Julie Lizotte
Director of
Regulatory Affairs



Jamie Hoggarth
Director of
Sales and Marketing



SRT Employees

- *SRT's 215 Employees*
 - Work in our Region
 - Shop at our Stores
 - Send their kids to our Schools
 - Perform Community Service in our Towns
 - Volunteer for our Charities



SRT Communications Inc

- ***SRT is a Regular Corporation***

- Capital, Cash Flow, Equity Needs

- ▶ Capital Sources

- RUS Loans: We do not qualify for “Hardship” Loans
- CoBank
- Local Independent Banks
- Profits (Net Margins)

- ▶ Cash Flow

- Keeping up with Technology is very “Cash Intensive”
- We need to generate a profit to provide the Cash needed to maintain ongoing business

- ▶ Equity Needs

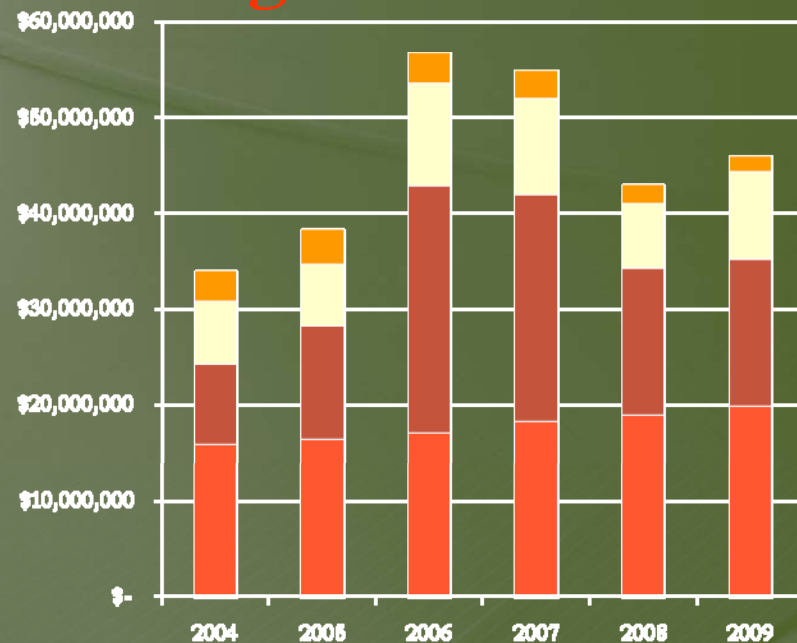
- Net worth is \$85,500,000 (78% equity)
- Capital Credit Retirements (Cash back to members)



SRT Communications Inc.

- *Economic Impact on the Minot Region*

- Wages and Benefits
- Infrastructure
(all in our Service Area)
- Local Purchases
- Capital Credit
Retirements (Checks)
back to Members



SRT Network Drivers



Broadband



Wireless



–Service Driving Assumptions Being Made:

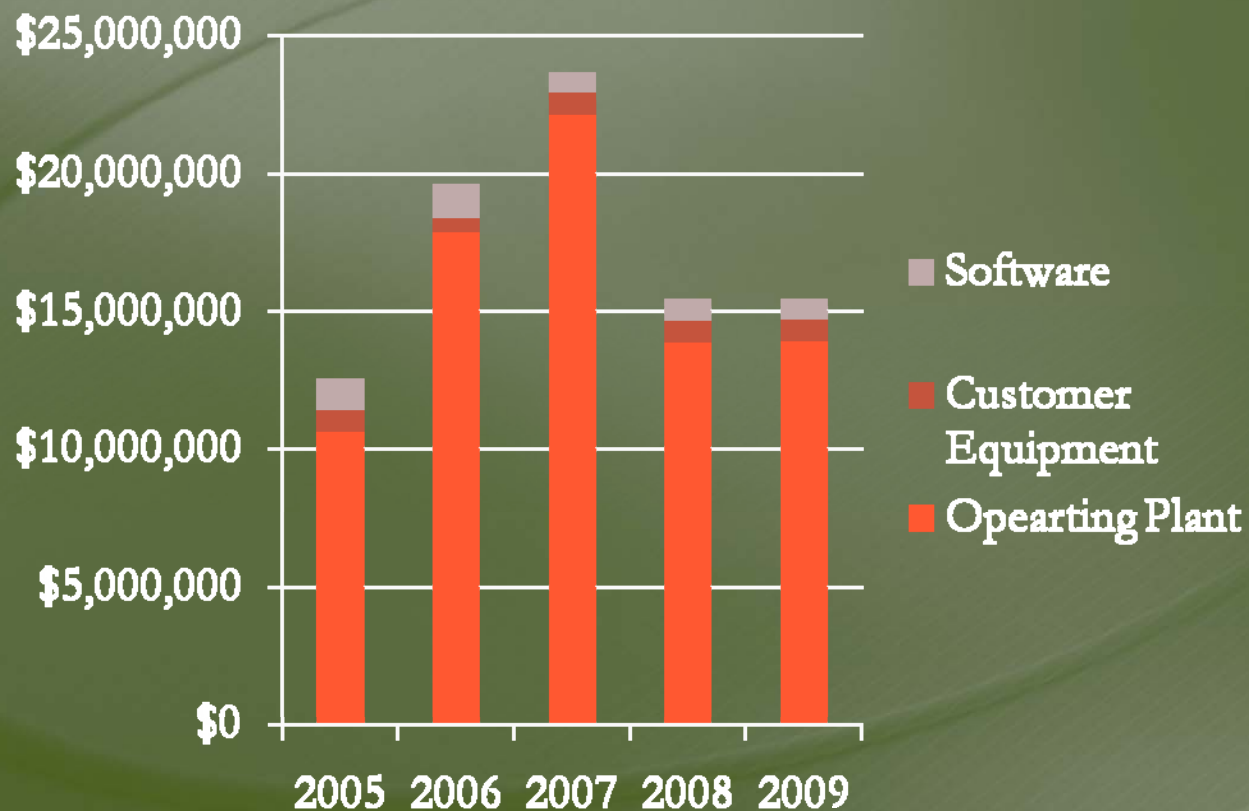
▪ Two Service pillars Driving our Work Plan

- 1. Bandwidth
 - The means through which all other services will be delivered makes Broadband/bandwidth King.
- 2. Mobility
 - Today people want all their services to be available where they live, work and play. In other words, everywhere

Reinvesting in North Central North Dakota



*—\$86.5 million put into the network
over the past five years*



THANK YOU

Questions?