High-Speed Internet (Broadband) Delivered to the Premise

The Arvig Story
Our History

- 1950: Perham Telephone Company was established.
- 1952-68: Multiple exchanges were added and the name changed to East Otter Tail Telephone Company.
- 1984: Arvig Enterprises, Inc. was formed and purchased Twin Valley-Ulen Telephone Company and Valley Communications.
- 1986: Began providing cable television under the company name of Tekstar Cablevision.
- 1988: Began offering cellular/wireless telephone services.
- 1994: Began offering dial-up Internet service and many phone features like Voicemail and Caller ID.
- 1999: Began offering high-speed Internet service.
- 2002: Became an employee-owned company.
Our History

2005
Midwest, Osakis and Peoples Telephone Companies and Unitel Communications became a part of Arvig.

2006
Partnered with Blue Earth Valley Communications and New Ulm Telecom to purchase Hector Communications.

2009
Purchased Time Communications, a call center, and Home Telephone Company.

2010
Purchased Redwood and Clements Telephone Companies and Diversicom, including Melrose Telephone Company and Mainstreet Communications.

2012
Purchased All State Communications, and Alliance Companies, including Arrowhead Communications, Eagle Valley Telephone, Felton Telephone and Loretel Systems.

2013
Completed construction of fiber data transport infrastructure in Minneapolis, St. Paul, Rochester and St. Cloud

2014
Purchased Data Communications and expanded further into North Dakota with business services.

Began offering high-speed Internet and telephone services to Bemidji businesses.

Purchased CD Communications, Inc. and became an authorized Toshiba Communications dealer.
Connecting people, data and information systems:

- Structured Cabling
- Fire Alarm Systems & Inspections
- Outside Plan Construction
- And more
- More than 70 employees based in St. Cloud

*Your low voltage systems specialists.*
Customized phone answering service:

- Business process outsourcing (BPO)
- Medical answering service
- Inbound call center
- Help desk solutions
- Virtual call center
- Live chat answering service
- Customer support call center
- Answer calls for National and International Companies
- Over 100 employees

*Courteous, professional 24-hour LIVE answering services*
We publish 25 directories and print more than 1 million directories in four states (MN, ND, SD, IA).

• Yellow Page Advertising
• Online Directories
• Custom Website Design & Hosting
• Text Marketing

Advertisers say it’s the best directory they’ve advertised in and it makes all other directories obsolete.
Phone Systems

Customized systems with:

- All-in-one solutions
- Anytime, anywhere access
- Seamless integration
- Remote management
- Hosted PBX Systems
- Panasonic & Toshiba Phone Systems
Security Systems

• Intrusion Detection
• Video Surveillance
• Access Control
• Identity Management
• Honeywell & Lenel Products
Construction Services

- Offices in Brooklyn Park & Perham
- Serves a 5-state area
- Over 200 employees

Construction for
- Telecommunications
- Gas
- Electrical
Statewide Transport and Area Served

- Arvig has more than 6,000 miles of fiber.
- Arvig serves half of the counties with Internet, phone, television and/or Ethernet service.
Today Arvig Is

9,000
3rd

43

125,000
17th

700+

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Evolution of Internet - Platforms

- DSL – 59.5%
- Cable Modem – 31.4%
- FTTH – 7.3%
- Wireless – 1.3%
- Ethernet – .4%
Today’s Network High-Speed Capability
What Speeds Are We Selling?
What Are We Using The Internet For?

- Streaming Media: 70%
- Network Infrastructure: 2%
- Web Browsing: 15%
- Messaging Services: 8%
- File Transfer: 2%
- Remote Access: 1%
- Other: 1%
- Business: 15%
- Gaming: 8%
- File Sharing (Napster, etc.): 2%
Schools & Libraries

We serve 54 area schools and libraries with high-speed Internet service.
Upload Speeds – Meeting the Market

• 2% of our customers value and pay for additional upload speeds.

• Majority of business customers have available upload speeds above the Task Force goal.
Our Customers Want

- The Keyboard Effect.
- Wi-Fi inside their premise that equals speed to the side of their house
- Faster downloads
- Wired HS service no matter where they live
Our Customers Want

- Secure connections – VPNs
- HealthCare & Home/Security monitoring
- Online Education, Job Opportunities
- Positive Community Economic Impact
Our Customers Want

Jim Rieber, Director of IT
Perham Health

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By 2015, the Governors Broadband Task Force Has Set Their Goal

- 10/20Mb download
- 5/10Mb upload
### Table 1 – Estimate Of Broadband Service Availability In The State Of Minnesota – By Speed Tier Among Fixed Platforms

<table>
<thead>
<tr>
<th>SBI Download/Upload Speed Tiers</th>
<th>Unserved Households ('000)</th>
<th>Served Households ('000)</th>
<th>Percent of Served Households by Speed Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Least 768 Kbps/200 Kbps</td>
<td>26</td>
<td>2,081</td>
<td>98.76</td>
</tr>
<tr>
<td>At Least 1.5 Mbps/200 Kbps</td>
<td>29</td>
<td>2,058</td>
<td>98.62</td>
</tr>
<tr>
<td>At Least 3 Mbps/768 Kbps</td>
<td>70</td>
<td>2,017</td>
<td>96.86</td>
</tr>
<tr>
<td>At Least 6 Mbps/1.5 Mbps</td>
<td>148</td>
<td>1,940</td>
<td>92.93</td>
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<tr>
<td>At Least 10 Mbps/1.5 Mbps</td>
<td>200</td>
<td>1,888</td>
<td><strong>90.43</strong></td>
</tr>
<tr>
<td>At Least 10 Mbps/3 Mbps</td>
<td>224</td>
<td>1,863</td>
<td>89.27</td>
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<tr>
<td>At Least 10 Mbps/6 Mbps</td>
<td>523</td>
<td>1,564</td>
<td>74.93</td>
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<tr>
<td>At Least 25 Mbps/1.5 Mbps</td>
<td>297</td>
<td>1,790</td>
<td>85.77</td>
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<tr>
<td>At Least 50 Mbps/1.5 Mbps</td>
<td>389</td>
<td>1,698</td>
<td>81.36</td>
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<tr>
<td>At Least 100 Mbps/1.5 Mbps</td>
<td>422</td>
<td>1,665</td>
<td>79.78</td>
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<tr>
<td>At Least 1 Gbps/1.5 Mbps</td>
<td>2,086</td>
<td>1</td>
<td>0.07</td>
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</tbody>
</table>

Source: Connect Minnesota, May 2014.
Broadband Data

Broadband Service Available
(Greater than or Equal to 10 Mbps Download and 6 Mbps Upload)*
Underserved Non-Mobile Broadband
(Less than 10Mbps/6Mbps)*
Underserved Mobile Broadband**
(Less than 10Mbps/6 Mbps)*
Unserved Area
Challenges

- Cost to build and upgrade networks
- The lack of density for population
- We serve numerous seasonal areas
- Adoption and use of higher speeds
- Regulation
- Competition
# Internet Competition

<table>
<thead>
<tr>
<th>EOT</th>
<th>Twin Valley-Ulen (CLEC)</th>
<th>Tekstar (CLEC)</th>
<th>Midwest</th>
<th>Peoples</th>
<th>Callaway</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>BlazeWIFI, Enventis</td>
<td>BlazeWIFI</td>
<td>Paul Bunyan (PR),</td>
<td>BlazeWIFI</td>
<td>BlazeWIFI</td>
<td>BlazeWIFI</td>
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<td>Verizon, HughesNet,</td>
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<td>BlazeWIFI, WiFly</td>
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<td></td>
<td></td>
<td>Wireless (DL)</td>
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<thead>
<tr>
<th>Osakis</th>
<th>Main Street (CLEC)</th>
<th>Melrose</th>
<th>Redwood</th>
<th>Home</th>
<th>Clements</th>
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<tr>
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<tr>
<td>BlazeWIFI</td>
<td>HughesNet, BlazeWIFI,</td>
<td>BlazeWIFI, Mercury</td>
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<tr>
<td></td>
<td>BlazeWIFI, Enventis</td>
<td>Satellite, BlazeWIFI</td>
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<tr>
<th>Loretel</th>
<th>Arrowhead</th>
<th>Eagle Valley</th>
<th>Felton</th>
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Pilot Programs

• Minnesota’s Border to Border Broadband Development Grant Program
• FCC’s Broadband Experiments
Up to 1Gb Internet Speed

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Opportunity

• We are in the high-speed broadband service business and our past history is one that we “have always delivered”

• Not often is there a product or service that virtually everyone will use everyday, everywhere. That future date is very close.