NTCA
The Voice of Rural Telecommunications

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Entry into Telecommunications

Rural ILEC Perspective

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Changing Face of Telecommunications

Rural Youth

- 9 out of 10 have mobile phone
- Pay up to $50/month for service
- Consider mobile service “essential”
- 90% have Internet connection
- Primary use is email
- Consider broadband access “essential”
- Half have more than 100 channels of video
- No brand loyalty

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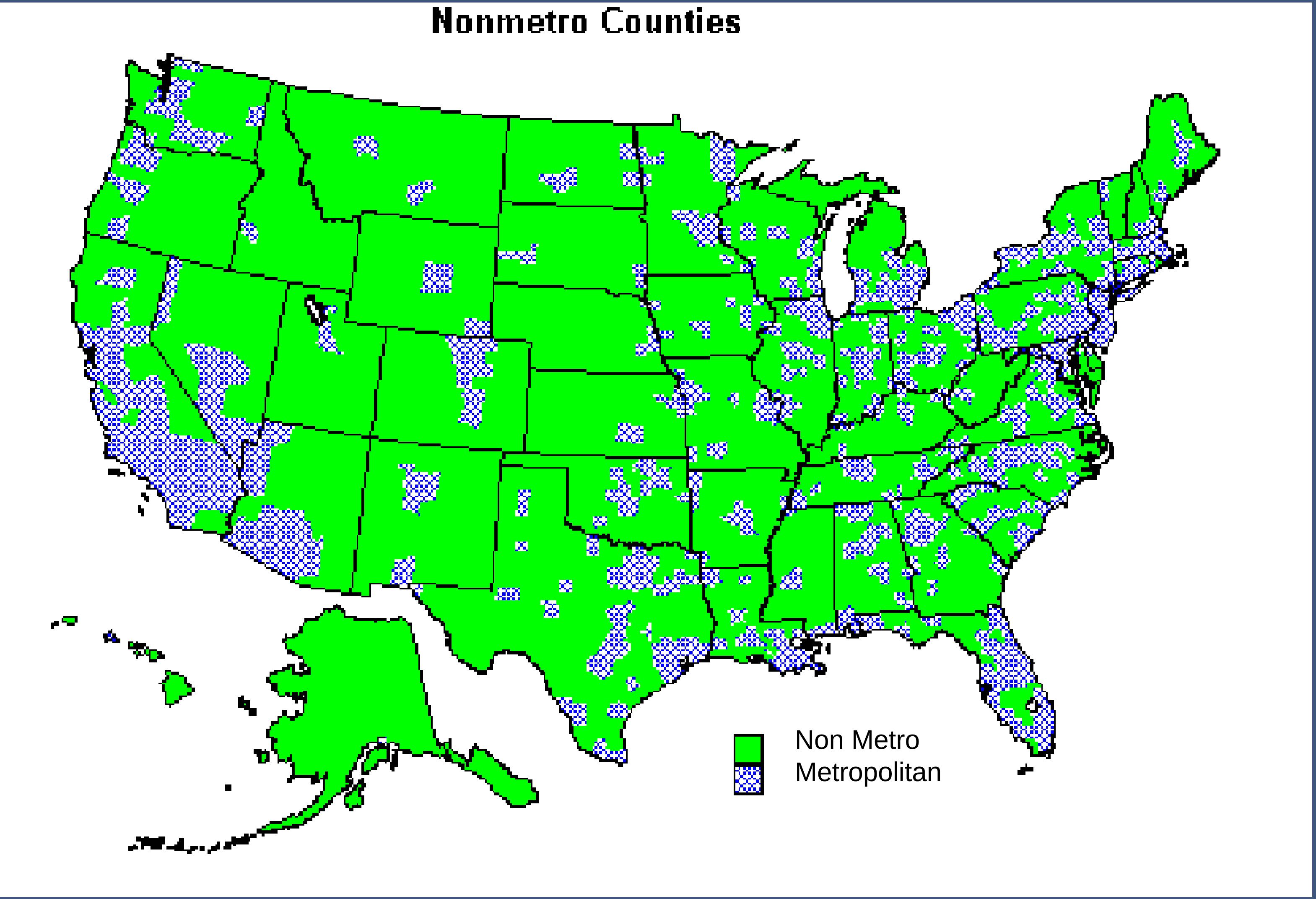
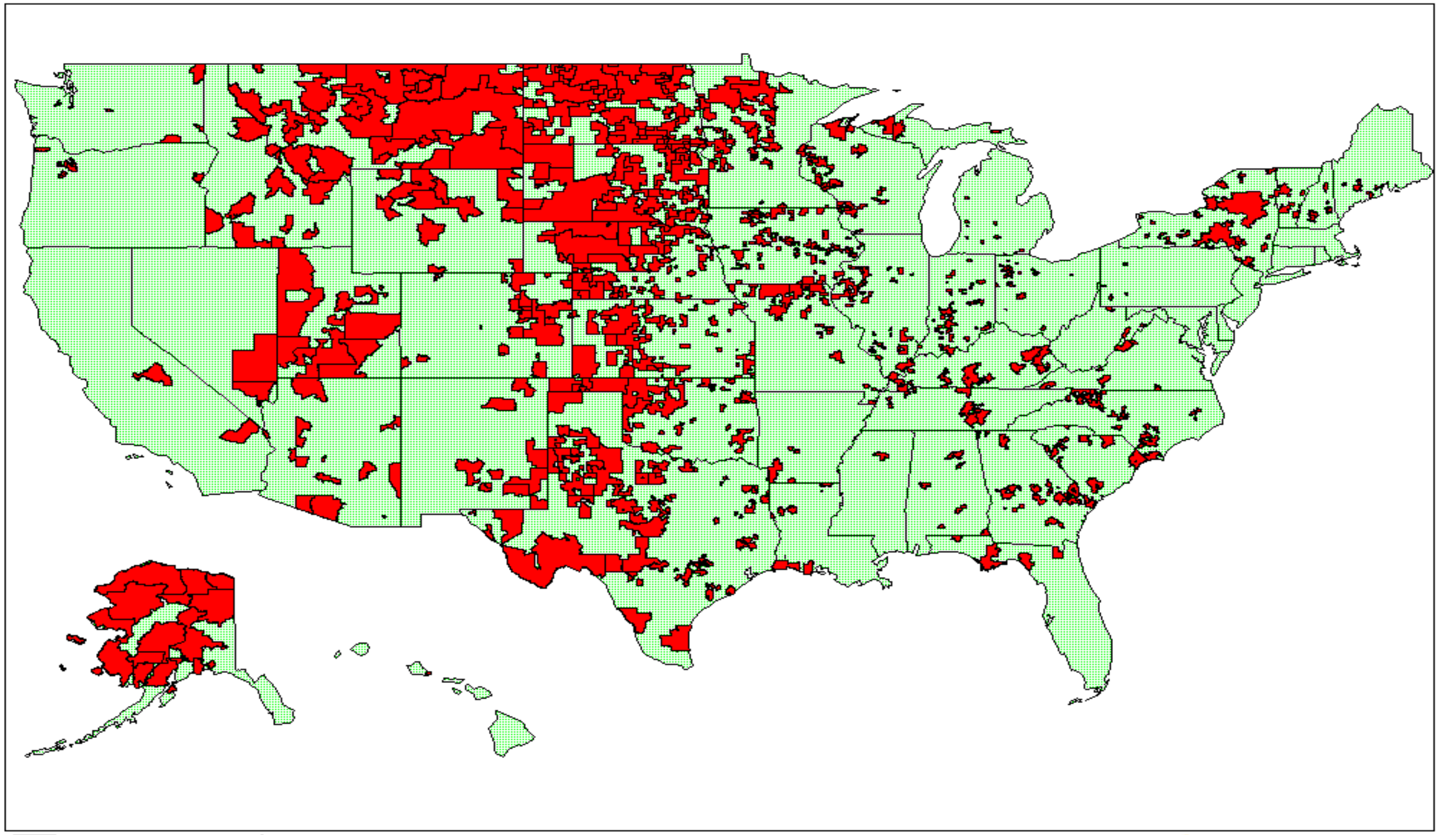
Independent Rural Carriers

- Independent Rural carriers are progressive:
  - Rural telephone companies were the first to deploy digital switching
  - 97% offer custom calling features
  - 92% offer Internet
  - 84% offer long distance
  - 55% offer mobile wireless service
  - 29% are CLECs
- Rural Carriers are community based companies with local decision making
- Rural Carriers are strongly committed to public service
- Rural Carriers have a reputation for quality service


Nonmetro Counties
Non Metro
Metropolitan

Advancing the Communications Revolution



NTCA Member Coverage

MapInfo
THE INFORMATION DISCOVERY COMPANY

Competitive Pressures

- Minutes of use declining
- Increased emphasis on broadband “pipe”
- 87% face broadband competition from at least one other provider
- Most face competition only in cities and towns, but 47% throughout service territory
- 54% “very concerned” about cable offering voice

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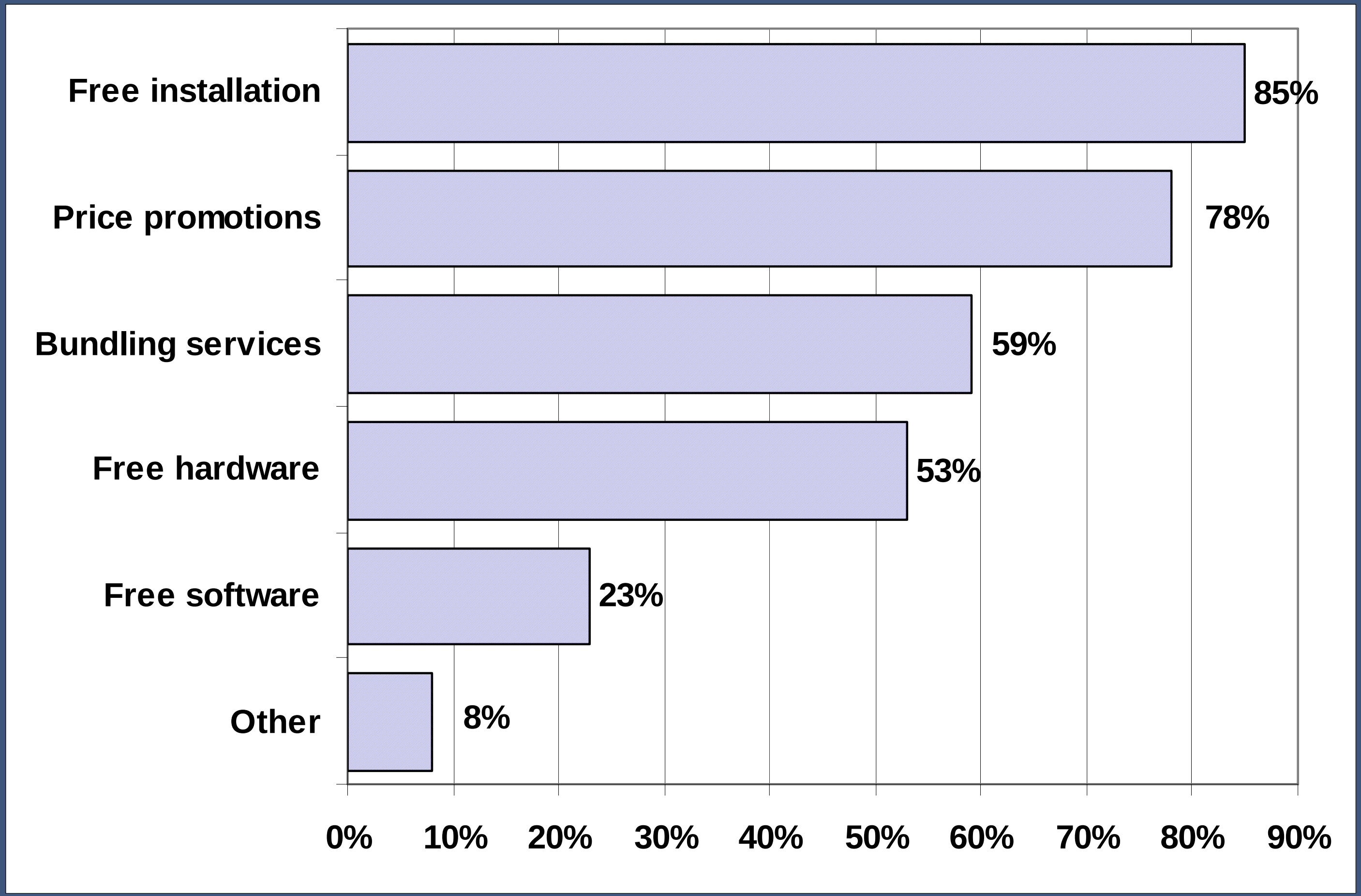
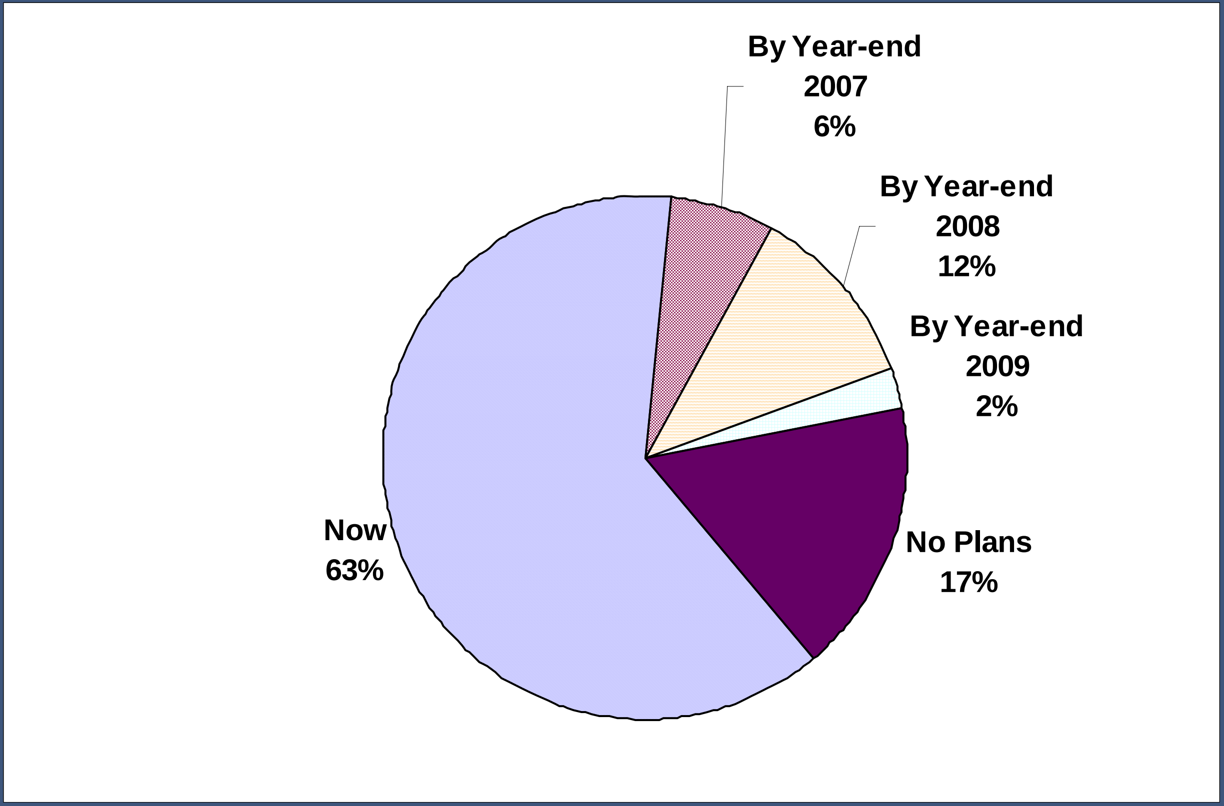
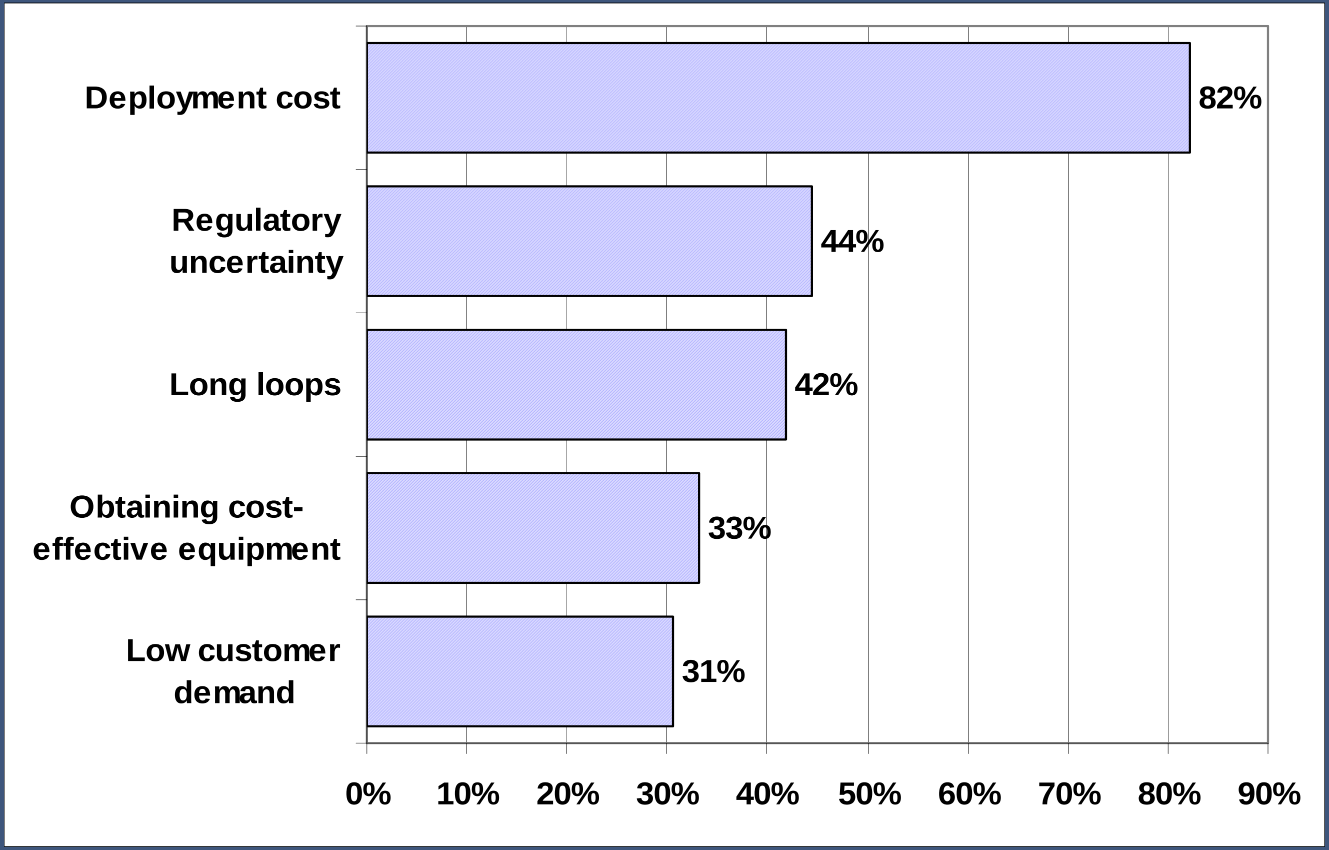
BROADBAND MARKETING PROMOTIONS



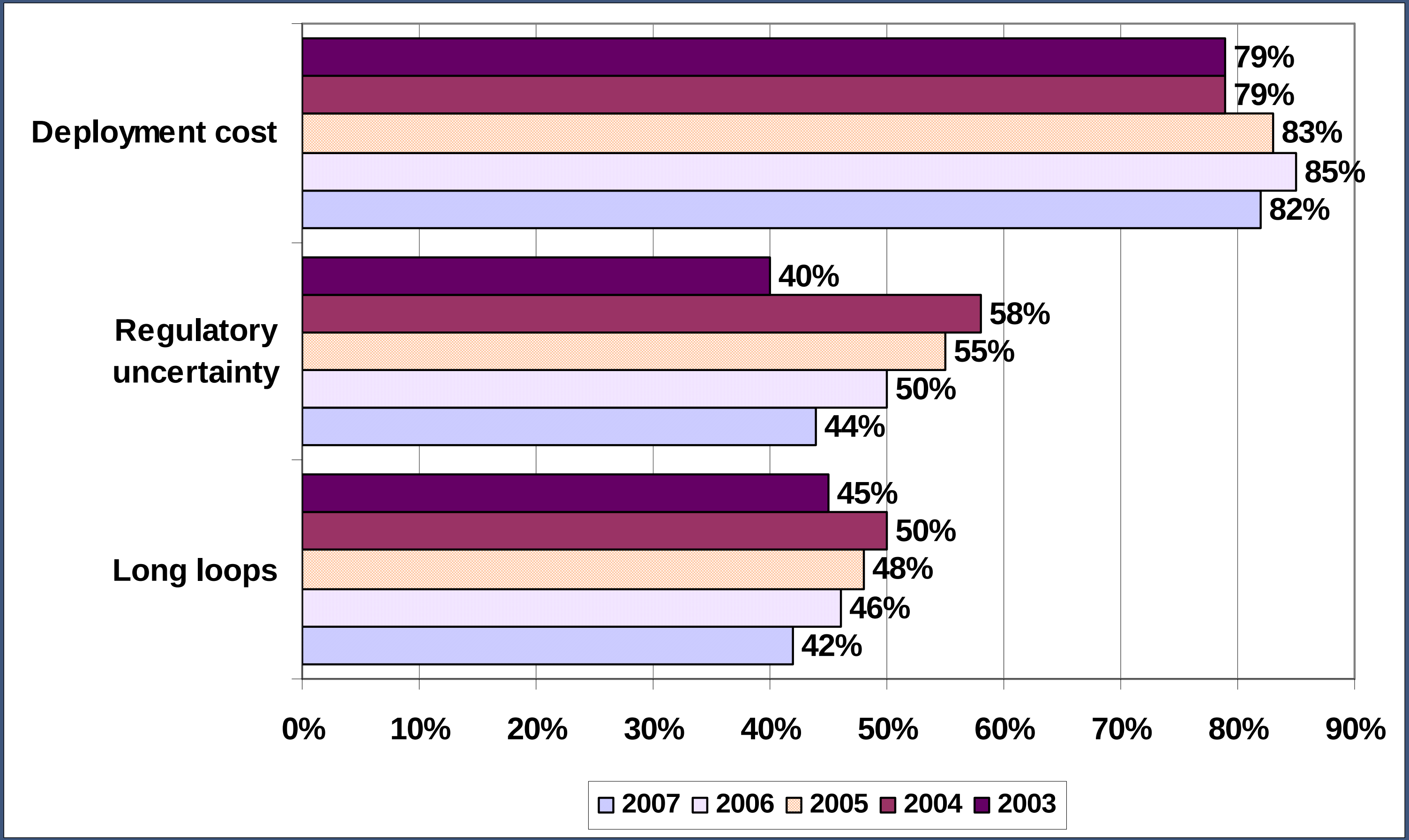
Members Offering Video Service



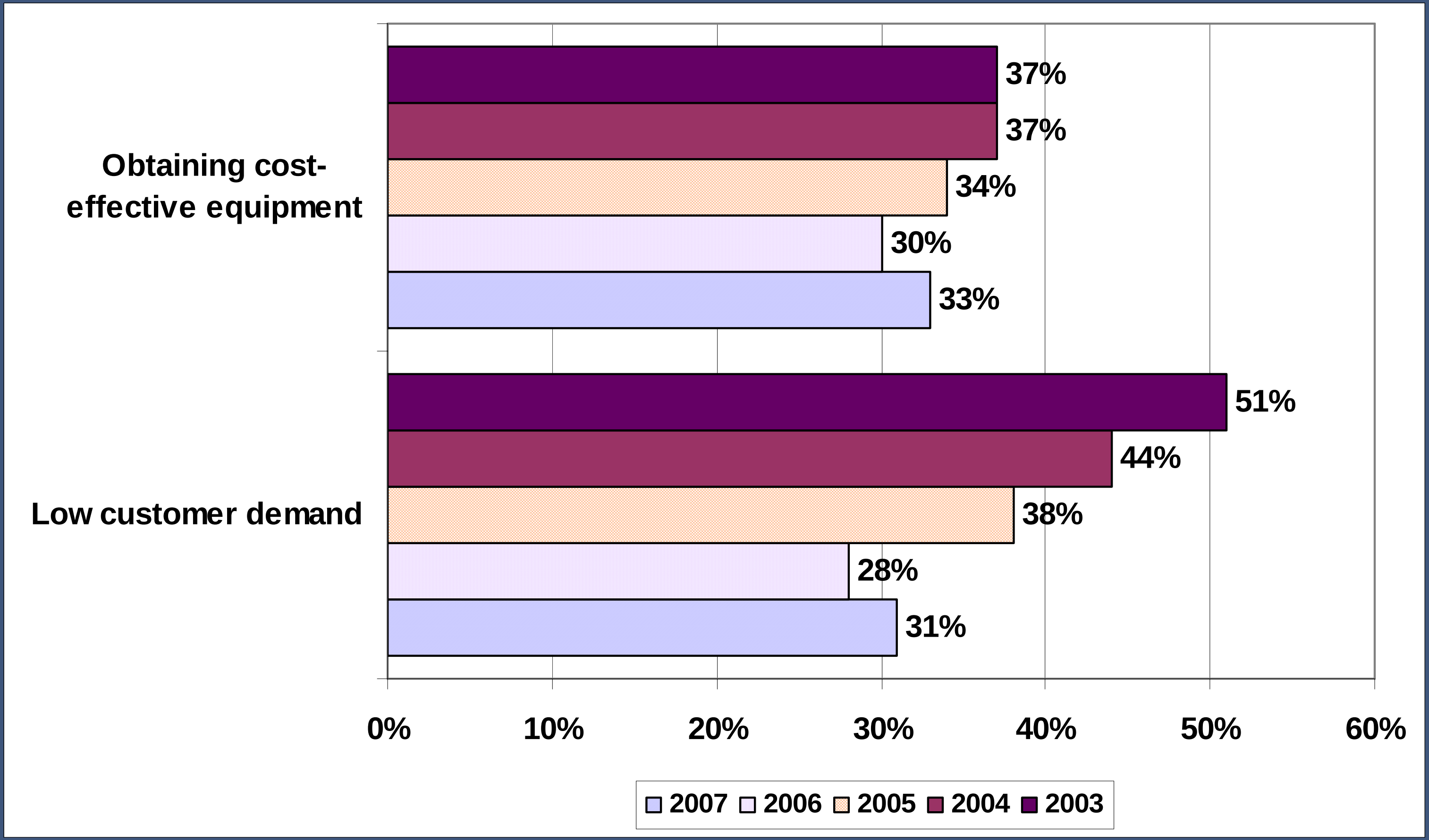
BARRIERS TO BROADBAND DEPLOYMENT



BARRIERS TO BROADBAND DEPLOYMENT: 2003-2007



BARRIERS TO BROADBAND DEPLOYMENT: 2003-2007 (con't.)



Key Issues

- Universal Service
- Access to video content
- Compensation for use of the network
- Regulatory certainty
- Unfunded mandates