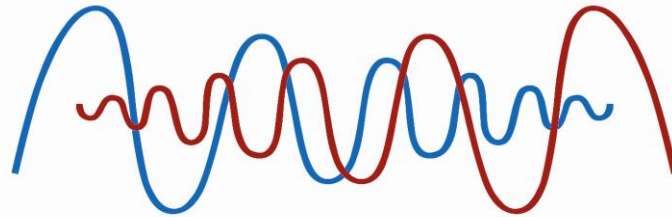


SDN COMMUNICATIONS

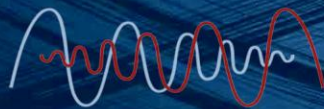


SDN COMMUNICATIONS

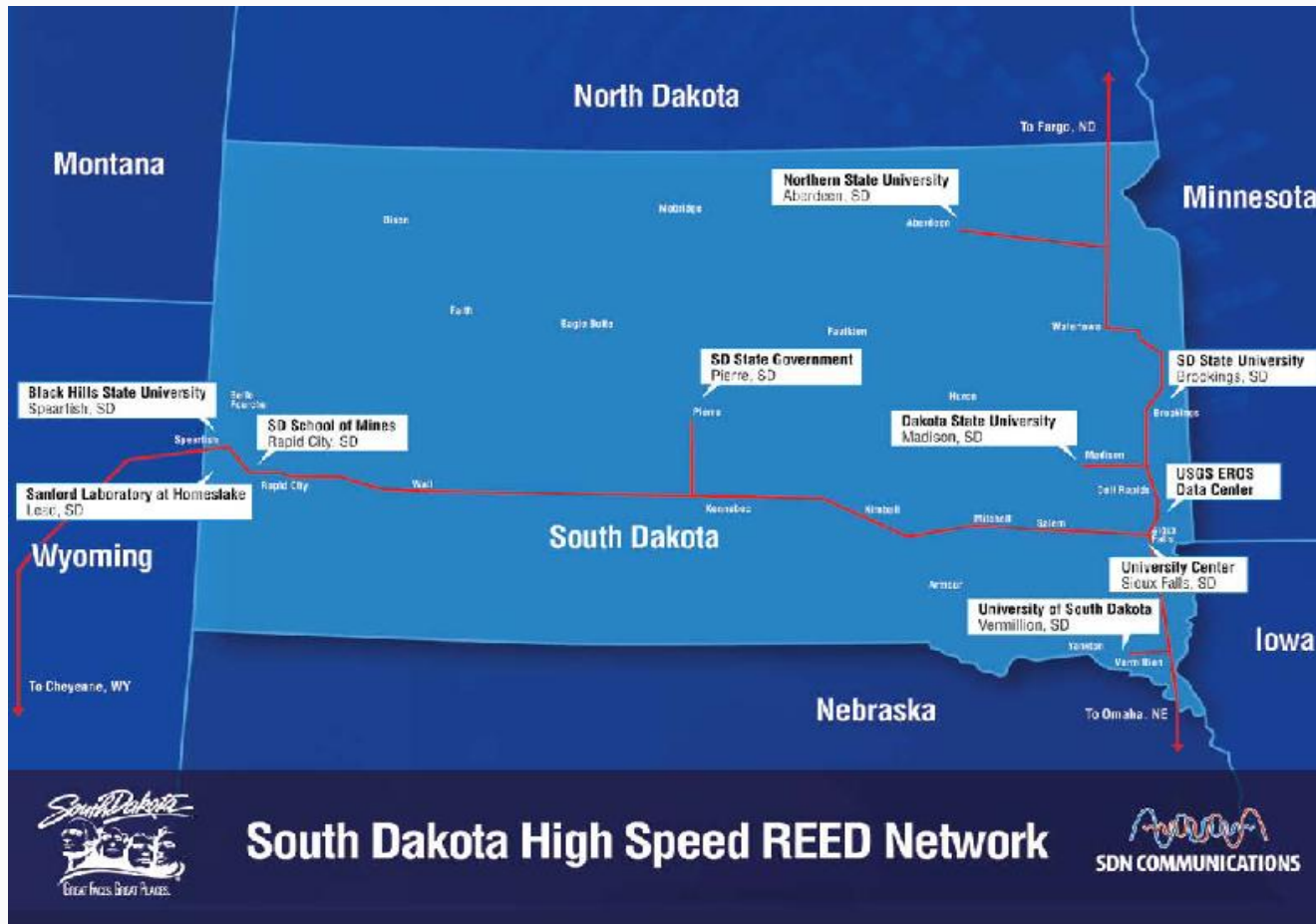
the [business simplification](#) experts

SDN Communications connects businesses. It's that simple.

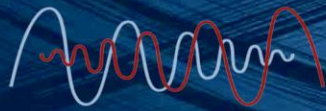
SDN offers Internet, connectivity, IP Telephony equipment, and network surveillance over its 21,000 miles of fiber optics. The network touches 300+ South Dakota communities, plus connects to other regional and national networks.



SDN COMMUNICATIONS



REED Network



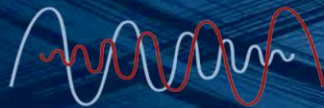
SDN COMMUNICATIONS

REED Network

How we got here

- SDN responded to state's Request for Information
- Gov. Rounds awarded project to SDN December 2007
- Construction through 2008
- Efficient public-private partnership

All delivered on time and on budget



SDN COMMUNICATIONS

REED Network

Service Nodes

Phase One – July 30, 2008

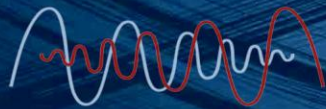
1. South Dakota State University – Brookings
2. University of South Dakota – Vermillion
3. Dakota State University – Madison
4. Sioux Falls Hub

Phase Two – Oct. 28, 2008

1. EROS Data Center – rural Garretson
2. Northern State University - Aberdeen
3. SD School of Mines & Technology – Rapid City
4. Black Hills State University - Spearfish
5. SD State Government – Pierre
6. Rapid City Hub
7. Bellevue, NB – connectivity to Great Plains Network in Kansas City

Phase Three - Dec. 29, 2008

1. University Center – Sioux Falls
2. Sanford Lab at Homestake - Lead



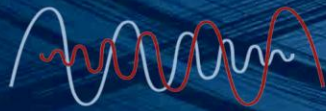
SDN COMMUNICATIONS

REED Network

Service Nodes

Connections to date

- 45 service nodes in the system today
- 52 scheduled for completion by December 2009
 - To include:
 - SDN Member Company telecom video services
 - Health care
 - Banking
 - National telecom services



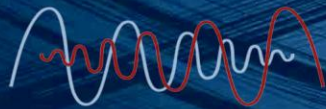
SDN COMMUNICATIONS

REED Network

How powerful is it?

10 sites each with five 10-Gig Ethernet circuits

- Download entire Library of Congress text in 12 minutes
- Every U.S. person be on six phone calls at same time

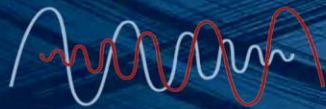


SDN COMMUNICATIONS

REED Network

SDN Growth – soon covering 8 states

- Nebraska – December 2008 (opened Omaha office)
- North Dakota – Summer 2008 Fargo/ 2009 Bismarck
- Minnesota – Fall 2009 (under construction)
- Wyoming – Fall 2009 (under construction)
- Montana - 2010
- Colorado – 2010

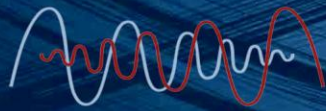


SDN COMMUNICATIONS

REED Network

Other Projects

- Broadband Stimulus Application - \$25 million
 - Improving middle-mile capacity
 - Anchor institutions – hospitals, schools, libraries
 - Award announcement later this year

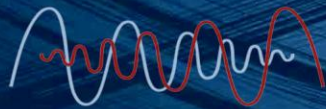


SDN COMMUNICATIONS

REED Network

Where SDN Sees Growing Demand

- Wireless – Cell Phone
 - 2011 – 2012 more high-speed mobile networks
- Office broadband
 - Ethernet in the local loop
 - On-line applications
- Increased bandwidth demand from consumers
 - On-line viewing of television content
 - Gaming

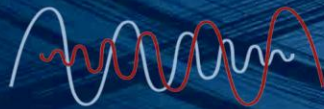


SDN COMMUNICATIONS

REED Network

SDN Growth Initiatives

- Second site for diversity
 - SDN purchased land
- Growth to new markets
 - Positioned for recovering economy
- Increased research initiatives
 - More collaboration among research networks
- Rural economic development prospects
 - Check with SDN / local telephone companies



SDN COMMUNICATIONS

REED Network

SDN Growth

- Employee growth
 - 2002 – 35 employees
 - 2007 – 90 employees
 - 2009 – 120 employees
- Owned by 18 South Dakota Independent Telephone Co.
 - Cooperatives
 - Municipals
 - Private
 - Tribal
- Financially strong

