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## PRESS RELEASE

### Blackfoot Telephone Cooperative Consolidates Subsidiary Company

December 18, 2002 – January 1, 2003, Blackfoot Telephone Cooperative and Blackfoot CFT will become one combined telephone cooperative. As you may know, Blackfoot Telephone Cooperative has been your telephone cooperative and local telephone service provider since 1954. Now, the customers that joined Blackfoot in the subsidiary Blackfoot CFT, just a mere eight years ago, will also benefit from cooperative ownership. Blackfoot Telephone Cooperative takes pride in providing quality service to its member/owners and indirectly enhancing the economic development of our rural service areas. By joining the two telephone companies into one cooperative, we will be able to share the strength equally among all members -- one member, one vote.

Ownership in the cooperative provides for a voice in the company. The interests of all member/owners are represented through its member elected Board of Trustees. The Trustees are responsible for the management of the company and they delegate the authority for day-to-day operations of the company to the CEO. Members elect the Board of Trustees and, when necessary, vote on specific issues as provided in the corporate bylaws.

Being a cooperative member also entitles eligibility for receipt of capital credits. In a cooperative, annual revenues earned above operating expenses are called margins. (In a commercial business these funds are the net income.) At the end of each fiscal year, the cooperative allocates a percentage of the margin to each individual member's/owner's "capital account" on a pro-rated basis according to the total amount paid by the member to the cooperative for services provided. Those funds are initially retained by the cooperative as working capital. From time to time the Board of Trustees determines that the cooperative's financial condition is strong enough to pay back to the members portions of those capital credits, called a "retirement" of capital credits. Last year Blackfoot retired or paid back \$500,000 in capital credits to its members. In total, Blackfoot has paid back over \$9.3 million to its members in the form of capital credits.

Another great benefit of the consolidation of companies is that the immediate growth will increase the Cooperative's assets and strength. This will allow for greater operating efficiencies, which will help the Cooperative control expenses and therefore, control rate increases. This combination will also allow Blackfoot to look at additional services such as extended area service on a company-wide basis.

As Blackfoot makes this change, one thing you can be assured of is the continuation of Blackfoot's high quality customer service. Another assurance is that rates for services will not change due to the combining of the companies. In fact, current Blackfoot CFT customers will see a billing reduction due to the elimination of the PSC charge, the Consumer Counsel charge and the State excise tax.

"The consolidation of the companies is just one of several significant changes being made to stay current with the changing telecommunications industry and will position the company to be able to continue to provide high quality service well into the future. Everyone should mark April 5, 2003 on their calendars because that is the date of our 50th Annual Meeting and the first for the new members of the Cooperative. Plan on attending to participate in the affairs of your Cooperative and I hope to see you there." Earl Owens, CEO, Blackfoot Telephone Cooperative, Inc.

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#### About Blackfoot Telecommunications Group

Named after the Blackfoot River running through much of the territory it serves, the Blackfoot (Blackfoot) Telecommunications Group was originally established in 1954 as Blackfoot Telephone Cooperative. Blackfoot offers state-of-the-art telecommunications, Internet and data solutions to customers in Missoula and throughout Montana and Idaho. Headquartered in Missoula, Montana, Blackfoot employs more than 165 Montanans. Blackfoot can be reached at 406-541-5000 or through its web site at <http://www.blackfoot.com>.

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