



2008 Annual Report
NEW ULM TELECOM, INC.

Vision

Knowledge

Innovation

Experience

Technology

Growth

Success

Communication

Service

Quality

Financial Highlights

Selected Income Statement Data

Year Ended December 31

	2008	2007	2006	2005	2004
Operating Revenues	\$35,294,331	\$17,300,936	\$16,882,234	\$17,344,837	\$15,100,567
Operating Expenses	29,294,003	14,239,568	13,531,118	13,071,656	12,468,846
Operating Income	6,000,328	3,061,368	3,351,116	4,273,181	2,631,721
Other Income	684,425	4,583,457	56,065,372	5,112,117	2,964,020
Income Taxes	3,992,227	3,061,853	24,305,283	3,925,246	2,303,992
Net Income	2,692,526	4,582,972	35,111,205	5,460,052	3,291,749
Basic and Diluted Net Income Per Share	0.53	0.90	6.86	1.07	.64
Dividends Per Share	0.40	0.40	3.11	.34	.33

Selected Balance Sheet Data

Year Ended December 31

	2008	2007	2006	2005	2004
Current Assets	\$9,374,152	\$11,649,394	\$32,241,708	\$4,273,791	\$4,679,446
Current Liabilities	6,974,876	2,359,781	23,505,397	4,917,710	4,452,826
Working Capital	2,399,276	9,289,613	8,736,311	(643,919)	226,620
Total Assets	130,593,654	59,052,895	80,055,841	55,303,909	53,835,368
Long-Term Debt	51,770,828	88,915	106,132	15,114,426	17,630,413
Stockholders' Equity	51,701,902	53,284,651	50,747,853	31,545,651	27,824,338
Book Value Per Share	10.11	10.42	9.92	6.17	5.44

Information contained in the above tables for 2008 is affected by the acquisition of HTC on January 4, 2008.

A whole new company

To Our Shareholders

As a result of the strategic planning by New Ulm Telecom's Board and Management we have accomplished significant growth and evolved into a whole new company. In 2006 we acquired one third ownership of Hector Communications Corporation, and on January 4th, 2008 we completed the acquisition of Hutchinson Telephone Company. The addition of Hutchinson Telephone Company significantly increased the size of New Ulm Telecom's operations.

Significant 2008 changes:

- Gross Revenues grew from \$17.3 million to \$35.3 million.
- The number of employees grew from 75 to 140.
- Customer connections grew to approximately 50,000.

We viewed the challenge of consolidating the two companies as an opportunity to review and evaluate "best practices" in each operation; then we completed some restructuring for the benefit of our combined company. After nearly a year of evaluating and implementing changes, all office locations are now working together under the NU-Telecom name.

New Ulm Telecom, Inc. opened a technology retail store, "TechTrends", in New Ulm in the fourth quarter of 2008. Although we have been offering computer sales and service from our corporate headquarters for several years, we believe our new location will offer our growing customer base a wider and more sophisticated variety of high technology products.



We continue to expand all of our services and product offerings to existing and new customers. We have an excellent reputation in the telecommunications industry and the communities we serve. Financially, our Company is stable and very sound. Our business approach has been fairly conservative, while remaining proactive. We believe our opportunities lie in continued integration and selective strategic activities including acquisitions and collaborative partnering.

Overall, 2008 has been a good year for the Company. Our financial results were marked by significant gains in operating revenue and operating income. Our 2008 operating revenues were \$35,294,331; operating income was \$6,000,328; net income was \$2,692,526; and the dividends that we paid to shareholders were \$2,046,174.

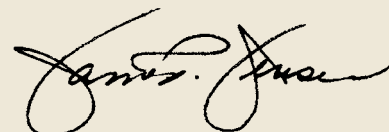
Also in 2008, the Company recognized an impairment of goodwill as described in Note 5 of the Consolidated Financial Statements included with this report. We recorded a non-cash impairment of \$2.291 million. It is our belief that the impairment is due to the economic downturn during the past year. This non-cash impairment charge is not expected to have an impact on the Company's operations.

We are very positive about the direction that our Company has taken. As we continue to focus on the future, we believe that the best is still to come. We sincerely appreciate our employees and value their talent and dedication as we work together for the benefit of our Company and our stakeholders.

We appreciate your support in our whole new and exciting company!



Bill Otis, CEO/President



James P. Jensen, Chairman of the Board



New Ulm Telecom Recognizes Gary Nelson

Gary Nelson will leave the New Ulm Telecom, Inc. Board of Directors on May 28, 2009, after 27 years of service. On behalf of the Company's directors, officers, and staff, we extend our sincere appreciation for his many contributions to the success of our company over the years.

Collaboration

Teamwork

Planning

Synergy

Consolidation

Growth

Productivity



Growth

Company nearly doubled in size.

The acquisition of Hutchinson Telephone Company, which was completed on January 4, 2008, nearly doubled the size of New Ulm Telecom, Inc. The combined company now provides telephone, TV, and Internet services to approximately 50,000 connections.

The completion of that acquisition was the beginning of integration of the operations of the two companies. NU-Telecom views this challenge of consolidation as an opportunity to restructure the company for the benefit of all of its stakeholders.

Discussions were held to determine where restructuring could enhance the delivery of products and services to customers and improve operating efficiencies. As of the end of 2008, all office locations were working together under the NU-Telecom brand.

At the end of 2008, NU-Telecom committed to a significant investment in a new system to automate internal processes throughout the customer service cycle. Implementation will result in a total revamp of procedures starting with our first interaction with a customer, continuing on through billing.

While the acquisition and consolidation increased the need for planning and teamwork, strategic thinking and collaboration continue to be a high priority at NU-Telecom.



Communicate

Technology



Imagine

Experience

Innovate



Expansion


Tech Trends opens in New Ulm.

NU-Telecom has been offering computer sales and service for the past several years and that may have been the best kept secret in town, until “Tech Trends.”

Tech Trends is NU-Telecom’s technology retail store that opened in New Ulm at the end of 2008. It is the result of a marketing challenge meeting up with an expansion opportunity. In spite of efforts to promote computer sales and service at our corporate headquarters in New Ulm, a century of being known as “the phone company” made it challenging to also be a top-of-mind choice for technology consumers. At the same time, NU-Telecom had an opportunity to expand its operation in New Ulm and help support local economic development.

Technology products and services available at Tech Trends include:

- *Computers and Accessories:* A full range of laptop and desk top computers are available including Dell, HP, and custom built models. Experienced Tech Team staff members can help select or configure a custom built computer to fit the needs of each customer. Computer accessories, such as USB cables, printers, flash drives, laptop bags and mouse pads are also available.
- *Computer Repair and Networking:* Tech Team staff members are on hand to answer questions and provide a full range of services including PC diagnostic and repair work, virus/spyware removal, memory upgrades, and system reloads. On-site installation and residential or business networking services are also available.
- *Monitoring Systems:* Home monitoring systems are available for purchase and installation. Web-based video service provides 24/7 monitoring when the owner is away from home. An Internet connection through a computer or Web-based cellular phone enables the user to check in and receive notification of potential problems.
- *Additional Products and Services:* Other technology-related items for sale include cellular accessories, digital photo frames, web cams, and digital cameras. A Kodak Photo Kiosk is also available to print photos or create greeting cards.
 - *NU-Telecom Services:* Tech Trends shoppers can also conduct any of their other NU-Telecom business in the store, including making a payment, asking questions, or signing up for phone, Internet, or TV services.



Tech Trends, our technology retail store, is located at 15 Berens Boulevard in New Ulm and is open 7 days a week.



Service Knowledge

People

It's still about people.

The products and services NU-Telecom offers are dependent on technology and we're proud to be a premier provider in this area. At the same time, we understand that most people aren't interested in buying "technology;" they want what technology does to make their lives better. That's why we can say, "It's still about people." Our people serve the needs of other people who live, work, and play just like we do.

NU-Telecom is a forward-thinking company where vision and innovation are valued. At the same time, we're committed to maintaining the same traditional values of honesty, integrity and excellence, with the personal accountability that comes from people serving people.

We are continually impressed by the talent and dedication of our staff as they work for the benefit of our customers, the success of our company, and the stability of the communities we serve.

NU-Telecom Mission and Values

Mission Statement

To provide value-enhanced communication solutions with superior service provided by customer-focused employees. Our company will balance innovation with risk to enable the growth and prosperity of customers, employees, and shareowners, while partnering in the progress of our communities.

Values

We believe in:

- The highest levels of integrity, honesty and ethical standards in all that we do.
- Customers are of primary importance and deserve our best service, attitude and consideration.
- An environment that empowers employees to achieve excellence in all activities.
- Active participation to the continual quality of life advancements in our community.
- Being good stewards in managing our resources.



Teamwork

Excellence

People

Quality

Commitment



Directors



Perry Meyer
 Director
 Owner and Operator
 Family Grain and Livestock Farm

James Jensen
 Chairman of the Board
 President
 Jensen Business Consulting/Men's Clothier

Gary Nelson
 Director
 Retired President
 The Insurance Group

Duane Lambrecht
 Director
 Owner, President and CEO
 Shelter Products, Inc.

Rosemary Dittrich
 Director
 Co-owner and Corporate Secretary
 D & A Truck Line

Mary Ellen Domeier
 Director
 Retired CEO and Chair
 Frandsen Bank & Trust

Paul Erick
 Director
 Retired Vice President
 Olsen-Thielen Co., Ltd.

Officers



Bill Otis
 CEO/President



Barbara Bornhoft
 COO/Vice President



Nancy Blankenhagen
 CFO/Treasurer



Patricia Matthews
 Assistant Corporate Secretary/
 Administrative Supervisor

Corporate Profile

New Ulm Telecom, Inc. owns and operates four independent telephone companies serving the following communities and their adjacent rural areas:

Courtland, MN	Redwood Falls, MN
Essig, MN	Sanborn, MN
Hutchinson, MN	Searles, MN
Klossner, MN	Springfield, MN
Litchfield, MN	Aurelia, IA
New Ulm, MN	

The corporate headquarters is located in New Ulm, MN, with five additional offices located in Redwood Falls, MN, Springfield, MN, Hutchinson, MN, Litchfield, MN, and Aurelia, IA.

The company's traditional line of business is providing local telephone service and access to long-distance telephone service through its local exchange network. In addition:

- New Ulm Telecom, Inc.'s broadband platform provides high-speed DSL Internet access and Digital Video TV service to subscribers in the Minnesota communities of New Ulm, Courtland, Essig, Hutchinson, Litchfield, Searles, Redwood Falls, Springfield, and Sanborn. High-speed Internet access is also offered in Aurelia, IA.
- New Ulm Telecom, Inc. operates coax cable television systems in the Minnesota communities of Jeffers, Cologne, Mayer and New Germany, and the Iowa community of Aurelia.
- New Ulm Telecom, Inc. is an equal owner of Hector Communications Corporation (HCC) with Arvig Communications Systems and Blue Earth Valley Communications, Inc. HCC is primarily comprised of incumbent local exchange carrier (ILEC) subsidiaries that provide voice, video, and data services in Minnesota, Wisconsin and North Dakota.
- New Ulm Telecom, Inc. is an authorized agent of Alltel, owner and operator of a national wireless network.

Investor Information

Annual Meeting

The Annual Meeting of New Ulm Telecom, Inc. will be held on Thursday, May 28, 2009, beginning at 10:00 a.m. at Turner Hall, 102 South State Street in New Ulm, MN.

Voting Options

Internet: Go to www.proxyvote.com to transmit your voting instructions up until 10:59 p.m. Central Time on Wednesday, May 27, 2009. Have your proxy card in hand to enter your 12-digit Control Number to obtain your records and create an electronic voting instruction form.

Phone: Call 1-800-690-6903 from a touch-tone telephone to transmit your voting instructions up until 10:59 p.m. Central Time on Wednesday, May 27, 2009. Have your proxy card in hand to enter your 12-digit Control Number; then follow the simple instructions provided by Vote Voice.

Mail: Mark, sign and date your proxy card, then return it in the postage-paid envelope or return it to: New Ulm Telecom, Inc., C/O Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Legal Counsel

Berens, Rodenberg & O'Connor, Chtd.
519 Center Street
New Ulm, MN 56073-0428

Independent Auditors

Olsen Thielen & Co., Ltd.
2675 Long Lake Road
St. Paul, MN 55113-1117

Form 10-K

Shareholders may view all SEC filings, including the company's Form 10-K to the Securities and Exchange Commission, at www.nutelecom.net or they may receive a hard copy of the Form 10-K (without charge) by writing to:

Bill Otis, CEO/President
New Ulm Telecom, Inc.
P.O. Box 697
New Ulm, MN 56073-0697

Corporate Headquarters

New Ulm Telecom, Inc.

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New Ulm, MN 56073-1727

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New Ulm, MN 56073-0697

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Fax:

(507) 359-1611

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