

HICKORY TECH CORP
Form DEF 14A
April 07, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the Appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Hickory Tech Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

221 East Hickory Street
P.O. Box 3248
Mankato, MN 56002-3248

NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS TO BE HELD ON
TUESDAY, MAY 17, 2011

The Annual Meeting of the Shareholders of Hickory Tech Corporation (“HickoryTech”) will be held at the Mankato City Center Hotel, located at 101 East Main Street (at the corner of Riverfront Drive and Main Street) in Mankato, Minnesota, on Tuesday, May 17, 2011 at 10:00 a.m., Central Daylight Time, for the following purposes:

1. To elect the four directors named in the attached proxy statement to serve for ensuing three-year terms;
2. To hold an advisory vote on executive compensation;
3. To hold an advisory vote on the frequency of the advisory vote on executive compensation;
4. To ratify Grant Thornton LLP as our independent registered public accounting firm and auditors for 2011;
5. To transact such other business as may properly come before the meeting or at any adjournment thereof.

The Board of Directors has fixed the close of business on March 22, 2011, as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment thereof.

Whether or not you expect to attend the meeting, please sign and date the proxy and return it promptly in the enclosed envelope, or take advantage of the option to vote by Internet or telephone. If you choose to return the proxy card by mail, we have enclosed an envelope, for which no postage is required if mailed in the United States. To vote by Internet or telephone, please follow the instructions on the proxy voting card or online at www.proxyvote.com. If you decide to attend the meeting and vote in person, you may withdraw your proxy.

BY THE ORDER OF THE
BOARD OF DIRECTORS
HICKORYTECH CORPORATION

Dale E. Parker
Board Chair

Mankato, Minnesota
April 7, 2011

Important notice regarding the availability of proxy materials for the shareholder meeting to be held on May 17, 2011.

Our proxy statement, the form of our proxy card, and Annual Report on Form 10-K can be viewed online at www.hickorytech.com/proxy.

HICKORYTECH CORPORATION

221 East Hickory Street
P.O. Box 3248
Mankato, MN 56002-3248

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON TUESDAY, MAY 17, 2011

SOLICITATION

We are furnishing this proxy statement in connection with the solicitation of proxies by our Board of Directors for use at our Annual Meeting of Shareholders to be held at the Mankato City Center Hotel, located at 101 East Main Street (at the corner of Riverfront Drive and Main Street) in Mankato, Minnesota on Tuesday, May 17, 2011, at 10:00 a.m. (Central Daylight Time) or at any adjournment of that meeting. All properly executed proxies will be voted at the meeting. This proxy statement and the enclosed proxy card will be mailed to shareholders on or about April 7, 2011.

REVOCABILITY OF PROXY

Your proxy may be revoked at any time before it is exercised by filing a later dated proxy (by mail, Internet or telephone) or a written notice of revocation with our Corporate Secretary, or by voting in person at the Annual Meeting. Unless it is revoked, your proxy will be voted in the manner set forth in this proxy statement or as you specify in your proxy card.

ANNUAL REPORT AND PROXY MATERIALS

Our Annual Report for fiscal 2010, including our Form 10-K as filed with the SEC, is enclosed in the envelope containing this proxy statement.

VOTING

You must be a shareholder of record at the close of business on March 22, 2011 to be entitled to vote at the Annual Meeting. As of that date, there were 13,359,211 shares of our common stock outstanding.

For each share held, shareholders may cast one vote for each proposal identified on the proxy card. For each share held, you may cast one vote for each of the four directorships to be filled at this meeting. If you do not wish your shares to be voted for a particular nominee, please so indicate in the space provided on the proxy card. You may vote your shares by Internet or a toll-free telephone call as an alternative to completing and mailing the enclosed proxy card. The procedures for Internet and telephone voting are described on the proxy card. The Internet and telephone voting procedures are designed to verify your identity, allow you to give voting instructions, and confirm that your instructions have been recorded properly. If you vote by Internet or telephone, you should not return a proxy card by mail.

A majority of the outstanding shares must be represented in person or by proxy in order to consider the items of business at the meeting. We will count abstentions as present or represented at the meeting for purposes of determining whether a quorum exists and for purposes of calculating the number of votes cast, but will not consider abstentions as votes in favor of the matter. We will treat broker non-votes as present and entitled to vote for purpose of the presence of a quorum, but not present and entitled to vote for purposes of determining whether the requisite vote has been obtained on a specific matter. Therefore, broker non-votes will have no effect on the outcome of the

matter.

A plurality of the voting power of the shares present or represented at the meeting and entitled to vote at a meeting at which a quorum is present is required for the election of each director.

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ITEMS REQUIRING YOUR CONSIDERATION

The following items in this proxy statement require your consideration and approval:

1. Election of four directors named in this proxy statement for three-year terms. See below.
2. An advisory vote on executive compensation. See page 33.
3. An advisory vote on the frequency of the advisory vote on executive compensation. See page 34.
4. Ratification of Grant Thornton LLP as the Company's Independent Registered Accounting Firm and Auditors for 2011. See page 36.

PROPOSAL 1:
ELECTION OF DIRECTORS

Our Board of Directors ("Board") is divided into three classes with each class of directors serving for a three-year term. You are being asked to consider the election of four directors at the Annual Meeting. The terms of directors Robert D. Alton, Jr., James W. Bracke, R. Wynn Kearney, Jr. and Dale E. Parker expire in 2011, and the Board has nominated Messrs. Alton, Bracke, Kearney and Parker for re-election to the Board, each for three-year terms. Proxies may not be voted for more than four nominees.

Mr. Starr J. Kirklin retired from our Board, effective May 11, 2010. His director position on the Board was not filled. The Board believes it can effectively represent the shareholders and carry out their responsibilities with a nine member Board. There are currently nine directors on our Board of Directors, all of whom have served as directors for more than one year.

The following table provides information, as of February 28, 2011, about the nominees for election. The biographies of each of the nominees and continuing directors below contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Governance/Nominating Committee and the Board to determine that the person should serve as a director for our Company in 2011.

The Board of Directors Unanimously Recommends that the Shareholders Vote for all Nominees

You may vote for all, some or none of the nominees for election to the Board. Unless authority to vote is withheld, the persons named as proxies will vote FOR the election of each of the above-listed nominees. If any of the nominees are not candidates for election at the meeting, which is not presently anticipated, the persons named as proxies will vote for such other person or persons as they may, in their discretion, determine. Directors will be elected by a plurality of the votes cast.

The following table provides information about our remaining directors, whose terms expire in 2011, 2012, and 2013.

TERMS ENDING IN 2011 AND NOMINEES FOR TERMS ENDING IN 2014

ROBERT D. ALTON, JR. has served as a director since 1993. Mr. Alton, age 62, served as President, Chief Executive Officer (CEO) and Chair of the Board of HickoryTech from 1993 to 2002. Prior to joining HickoryTech, Mr. Alton served as President of Telephone Operations for Contel Corporation, a provider of telecommunications services, and was employed in various executive and financial capacities at Contel Corporation for 21 years. Mr. Alton's qualifications to serve on our Board include extensive experience in the telecommunications industry, his executive leadership experience and his financial expertise.

JAMES W. BRACKE has been a director since 2004 and served as Chair of the HickoryTech Board from January 2009 through December 2010. Mr. Bracke, age 63, serves as the CEO for Green Gas LLC, which employs a novel green technology to economically convert medical wastes into energy. Since 2006, Mr. Bracke has served as the President of Boulder Creek Consulting, LLC, a business and technology consulting firm. From 2004 to 2006, Mr. Bracke served as Vice President of EPIEN Medical, a privately held medical device company focused on developing, manufacturing and marketing agents for skin disorders. From 1981 to 2004, Mr. Bracke was President and CEO and a director of Lifecore Biomedical, Inc., a healthcare medical device manufacturer. He is a director of Image Sensing Systems, Inc., of St. Paul, Minnesota, a technology company focused in infrastructure product improvement through the development of software-based detection solutions for the Intelligent Transportation Systems Sector. Mr. Bracke's qualifications to serve on our Board include extensive experience in senior executive management positions in the public-reporting corporate environment, financial expertise, as well as cross-board experience from serving as a director for three public organizations.

R. WYNN KEARNEY, JR. has been a director since 1993 and served as Chair of the HickoryTech Board from January 2007 to December 2008. Mr. Kearney, age 67, has been in private practice since 1972 with the Orthopaedic & Fracture Clinic, P.A., with offices in southern Minnesota, and is its senior surgeon. Mr. Kearney is an Associate Clinical Professor of the University of Minnesota Medical School and a minority owner of the Minnesota Timberwolves NBA basketball team. He is also a director of Exactech, Inc. of Gainesville, Florida, a developer, manufacturer and distributor of orthopaedic implant devices to hospitals and physicians. Mr. Kearney's qualifications to serve on our Board include cross-board experience gained from service on multiple private and public company boards, and non-profit boards and his leadership experience in business and in professional organizations.

DALE E. PARKER has been a director since 2006, a Vice Chair of the HickoryTech Board of Directors from January 2009 to December 2010 and has served as Chair of the HickoryTech Board of Directors since January 2011. Mr. Parker, age 59, resigned in 2010 as Chief Financial Officer (CFO) of Neenah Enterprises, Inc., an independent foundry. From 2009 to 2010 Mr. Parker was the Vice President of Finance for Paper Works, a producer of coated recycled paper board. Mr. Parker was CFO at Forest Resources, LLC, a company focused on paper product production and conversion, from 2007 to October 2008. From 2006 to 2007, Mr. Parker was CFO at Vitex Packaging Group, a manufacturer of packaging for tea and coffee brands. From 2000 to 2006 Mr. Parker served as Vice President, CFO, and board member of Appleton Papers, Inc., a leading manufacturer of specialty, high value-added coated paper products, including carbonless thermal and security papers. Mr. Parker is a CPA and holds an MBA. Mr. Parker's qualifications to serve on our Board include his extensive experience working in senior executive positions for both public and private companies in a variety of industries and his expertise with financial statement preparation and SEC reporting gained from his experience as a CFO.

CONTINUING DIRECTORS
TERMS ENDING IN 2012

LYLE T. BOSACKER has served as a director since 1988. Mr. Bosacker, age 68, retired as President of CEO Advisors, Inc., a management consulting and information system planning services firm, in 2004. Mr. Bosacker served as the Director of Corporate Information Services for International Multifoods from 1991 to 1993 and as its Director of Corporate Information Systems Planning from 1987 to 1991. Mr. Bosacker's qualifications to serve on our Board include his business leadership experience, extensive experience in information technology, and his experience in management consulting as an owner of his own business.

MYRITA P. CRAIG has served as a director since 1998 and was Chair of the HickoryTech Board from January 2003 to December 2004. Ms. Craig, age 56, has served as President for Blackbook Experience Management group since September 2010. Ms. Craig was previously engaged with the Cincinnati USA Regional Chamber as Executive Director, office of Agenda 360, from January 2009 through August 2010. Ms. Craig served as the Vice President of the Cincinnati USA Regional Chamber from June 2002 through February 2008 and was the Chief Executive Officer of Sapia Consulting from May 1999 through June 2002. Prior to establishing the consulting firm, Ms. Craig was employed, from 1984 to 1999, by Cincinnati Bell, Inc., a provider of telecommunications services, where she had assignments in strategic planning, corporate development, and operations, lastly as Vice President of Customer Sales and Service. Ms. Craig's qualifications to serve on our Board include extensive experience in the telecommunications industry and her leadership, general business, customer operations and marketing experience.

JOHN W. FINKE has served as a director since 2006. Mr. Finke, age 48, has served as President and CEO of HickoryTech Corporation since 2006. Mr. Finke has been with HickoryTech since 1996, and served as HickoryTech's Chief Operating Officer and Executive Vice President from 2005 to 2006, its President of Telephone Operations from 2003 to 2005, and President of HickoryTech's Network Design and Operations Division from 2000 to 2003. Prior to joining HickoryTech, Mr. Finke held numerous engineering and management positions with GTE Telephone Operations and Contel of Indiana from 1984 to 1996, both companies were providers of telecommunications services. Mr. Finke is a director of Jones Metal Products, Inc. of Mankato, Minnesota, a full service metal fabrication business that is focused on creating value for their customers. Mr. Finke holds an MBA. His qualifications to serve on our Board include his deep technical, operational and senior leadership experience, his extensive experience in the communications industry, and his experience with acquisitions and divestitures, and integration of acquisitions.

CONTINUING DIRECTORS
TERMS ENDING IN 2013

DIANE L. DEWBREY has been a director since 2009 and has served as Vice Chair of the HickoryTech Board of Directors since January 2010. Ms. Dewbrey, age 46, has been employed by Foundation Bank, a Washington State chartered commercial bank since 2006, most recently in the role of CEO and Director. Ms. Dewbrey was employed by Fifth Third Bancorp, a diversified financial services company, from 1987 to 2005, lastly as Director of Central Operations, Bancorp Corporate Officer and Senior Vice President. Ms. Dewbrey's qualifications to serve on our Board include senior leadership experience serving as CEO of a commercial bank and specific expertise and knowledge in the various areas of banking, finance, corporate governance, compensation, operations, and mergers and acquisitions.

LYLE G. JACOBSON has served as a director since 1989. Mr. Jacobson, age 69, retired in 2007 as the President and CEO of Katolight Corporation (now MTU Onsite Energy), a manufacturer of diesel and gas powered electrical generator sets and generator controls, in Mankato, Minnesota. He served as Katolight President and CEO from 1985 until he retired in 2007. Mr. Jacobson's qualifications to serve on our Board include senior leadership experience serving as President and CEO of Katolight Corporation and specific expertise in the areas of human resources, quality, customer service and finance.

COMPENSATION OF DIRECTORS

In 2009 our Board retained the services of Sibson Consulting, a compensation consultant, to assess our directors' compensation program and to provide feedback and recommendations on program competitiveness and compensation delivery practices. Sibson Consulting compared our directors' compensation program against best practices and the compensation practices of peer companies. Effective January 1, 2010, the Board modified the directors' compensation program to a role-based compensation structure. This new approach compensates directors for their ongoing role and direction rather than for attendance at meetings.

Effective January 1, 2010, the annual Board retainer for each independent director is \$47,500. Of this retainer, \$25,000 is paid in HickoryTech stock, with the option to receive the remaining \$22,500 of the annual retainer in cash or in shares of HickoryTech common stock. Compensation for Board and committee meeting attendance and the Director's Incentive Plan was discontinued.

Non-employee annual retainers for certain chairperson positions were also reviewed and, to compensate for the leadership responsibilities, the Board Chair receives a \$20,000 annual retainer, in addition to the retainer as a Board director.

Board Committee fees were discontinued and were replaced with annual committee retainers. Each Audit Committee member receives an annual retainer of \$5,750, with the Audit Committee Chair receiving an additional \$7,500 for the responsibilities associated with serving as chair. Each Compensation Committee member receives an annual retainer of \$5,000, with the Compensation Committee Chair receiving an additional \$6,000 annual retainer for serving as chair. Each Governance/Nominating Committee member and Finance and Planning Committee member receives an annual retainer of \$5,000, with the chairs of these committees receiving an additional \$5,000 annual retainer for the responsibilities associated with serving as committee chair. If an ad hoc committee is established by the Board, the Compensation Committee will establish appropriate compensation for the ad hoc role.

All retainers for Board or committee roles are paid quarterly. Each director is required to attend 75% of all scheduled Board and committee meetings for the committees of which they are members. If attendance is less than 75%, the director's annual retainer will be reviewed and potentially adjusted by the Board. Directors are also reimbursed for all travel expenses associated with meeting attendance. Directors are eligible for matching charitable gift contributions through the HickoryTech Foundation, up to \$1,000 in each Foundation fiscal year.

Directors who have served three consecutive Board terms or who leave the Board as the result of a change of control, are entitled to receive a \$20,000 annual retainer for three years after they terminate their positions as Board members. They also continue to be eligible for matching charitable gift contributions through the HickoryTech Foundation during this three year period. These benefits are available to each director who was a director on the Board as of April 29, 2008. Any director joining the Board after April 29, 2008 is not eligible for these benefits.

Because he is an employee of HickoryTech, Mr. Finke, our Chief Executive Officer and member of our Board of Directors, receives none of these fees or equity grants for his service as a member of the Board.

DIRECTOR COMPENSATION FOR 2010

Name (1)	Fees Earned or Paid in Cash (\$)(2)	Stock Awards (\$)(3)	Option Awards (\$)(4)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Deferred Compensation Earnings (\$)(5)	All Other Compensation (\$)	Total (\$)
Robert D. Alton, Jr.	33,250	25,000	-	-	6,720	500(6)	65,470
Lyle T. Bosacker	38,875	25,000	-	-	-	-	63,875
James W. Bracke	52,500	25,000	-	-	6,720	-	84,220
Myrita P. Craig	38,500	25,000	-	-	-	750(6)	64,250
Diane L. Dewbrey	31,094	25,000	-	-	-	-	56,094
Lyle G. Jacobson	30,625	25,000	-	-	-	-	55,625
R. Wynn Kearney, Jr.	32,500	25,000	-	-	-	-	57,500
Starr J. Kirklin(7)	12,188	9,375	-	-	-	13,000(8)	34,563
Dale E. Parker	39,656	25,000	-	-	6,720	-	71,376

- (1) Mr. Finke, our President and Chief Executive Officer, also serves as a director and is not included in this table because he does not receive compensation for his service as a director. The compensation received by Mr. Finke as an employee is shown on the Summary Compensation Table on page 23.
- (2) This column reflects all fees paid or payable in cash. If a director has forgone cash payment of the annual retainer for compensation in the form of HickoryTech common stock, the amount is shown in the Fees Earned or Paid in Cash Column instead of the Stock Awards Column. Mr. Bosacker and Mr. Jacobson have each elected to forgo the cash payment of the annual retainer for compensation in the form of HickoryTech common stock.
- (3) Reflects the aggregate grant date fair value of stock received in 2010, computed in accordance with FASB ASC Topic 718.
- (4) There were no stock option awards granted to directors in fiscal year 2010. As of December 31, 2010, each director has the following number of options outstanding: Mr. Bosacker, 15,000; Mr. Bracke, 5,000; Ms. Craig, 15,000; Mr. Jacobson, 15,000; Mr. Kearney, 15,000; and Mr. Kirklin, 15,000.
- (5) Reflects the 2010 accrual for the Board retainer due to eligible directors when they leave the Board after serving three consecutive Board terms or, regardless of the length of service, after a change in control and related events concerning HickoryTech.
- (6)

Directors may participate in the HickoryTech Foundation Matching Gift Program on the same terms as HickoryTech employees. Under the Matching Gift Program the Foundation matches up to \$1,000 a year in contributions by any full-time employee or director to approved charitable organizations. The Foundation's fiscal year runs from March through February. The amounts shown reflect all matches made on behalf of the director through the HickoryTech Foundation Matching Gift Program.

(7) Mr. Kirklin retired from the HickoryTech Board effective May 11, 2010.

(8) The amount shown reflects the portion of the annual retainer that Mr. Kirklin is eligible for based on his retirement from the Board. The amount shown also reflects a \$500 match made through the HickoryTech Foundation Matching Gift Program on behalf of Mr. Kirklin.

In 2003, the Board of Directors approved and, in April 2008, subsequently revised stock ownership guidelines for all directors. Guidelines require directors to own three times their annual retainer in HickoryTech stock. The annual retainer amount is divided by the share price as of a specific date to determine the number of shares to be owned. Share guidelines require directors to own 7,309 shares of HickoryTech stock (three times the April 30, 2008 annual retainer (\$60,000) divided by the April 30, 2008 stock price of \$8.21) within three years of April 30, 2008 or five years of joining the Board, whichever date is later. Each director is currently in compliance with these guidelines or within the designated time period to achieve the ownership levels.

