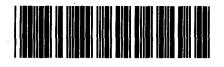


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### ANNUAL REPORT ON FIVE-YEAR PLAN TO ENHANCE SUPPLIER AND WORKFORCE DIVERSITY CONSOLIDATED COMMUNICATIONS

### I. Describe the specific initiatives, programs, and activities undertaken under the plan during the preceding year.

Support all associates' participation in career days, professional development workshops, youth motivation programs and related activities whenever possible.

Encourage associates to serve in leadership positions for community organizations, employment councils, and similar organizations whenever the opportunity arises.

Support associates with particular areas of expertise to serve as volunteers in their communities, to serve on boards and participate in professional groups.

Publicize the achievements of all associates in internal publications as well as in the local news media when appropriate.

Support programs developed by community groups such as the National Alliance of Business, the Urban Coalition, The Urban League and other organizations concerned with opportunities for minorities and women. Continue to support community organizations, agencies, and activities such as the following: Community and Minority Chambers of Commerce, Area Chambers of Commerce Annual Leadership Programs, Boys & Girls Club, Cinco de Mayo, County Youth Associations, Economic Development Groups, Interaction Training, March of Dimes, Special Olympics, and United Way.

Provide recruiters clear and concise explanations of current and anticipated future job openings, position descriptions, worker specifications and CCI'S selection process.

Post available job opportunities on Company web sites.

Post available job opportunities on industry organization web sites.

Continue to review worker specifications to ensure academic, experience, and skill requirements are relevant and necessary to job functions and duties.

Inform all associates involved in recruiting, screening, selection, promotion, and performance management of the Company's EEO policy.

Extend opportunities for additional training to current associates who, with additional training, education or experience may become qualified for advancement.

Provide workforce diversity-related and anti-harassment employee training.

### II. Make an assessment of the success of the specific initiatives, programs, and activities listed above:

Company employees actively participate in the following community programs in our service area: Greater Conroe/Lake Conroe Chamber, Lufkin/Angelina County Chamber, So. Montgomery/Woodlands Chamber, Katy Area Chamber, Jr. Achievement, Lions Club, Boys & Girls Club, March of Dimes, Rotary Club, Cattle Barons Ball (Cancer fundraiser), United Way, Waller County Women's Shelter, Katy ISD Partners in Education, American Heart Association "Heart Walk" Sponsorship, Pregnancy Assistance Center, Junior League of Lufkin, and local school Career Days, Lufkin Special Olympics, Lufkin State School Volunteer Services Council, Boys & Girls Club of Deep East Texas, Lufkin MDA Telethon, American Cancer Society / Relay for Life (Lufkin / Conroe/ Katy), Lufkin Alcohol Drug Council & Diboll Drug Free Program, Arc of Katy, Katy ISD FFA & Rodeo, Needville ISD sports programs & rodeo, Montgomery Co. Fair (affiliate of Houston Livestock & Rodeo sponsorships), Conroe Noon Lions Club, C.A.S.T. for Kids, Montgomery Co. Community Foundation, New Danville / TX New Community Alliance, Bridgewood Farms, Sci://Tech, PRCA Rodeo / Knights of Columbus charities. These associations bring the company into contact with all groups in the communities we serve and increase knowledge and awareness of business and employment opportunities within the company.

Outstanding employee achievements are publicized extensively through our internal magazine <u>Connection</u>, as well as bulletins, companies e-mail, etc.

Our community participation, as detailed above, has been critical to achieving success and improving diversity in both employment and procurement. Our employees' interaction within the community is the most effective means of identifying and attracting minority employees, as well as potential business partners.

Both internal staff and outside agencies that recruit for the company are given position descriptions and the specific qualifications required of a prospective applicant and are very familiar with our goals and initiatives to enhance diversity.

Definition of specific skills and requirements enhances the efficiency of our Recruiting processes and facilitates a successful conclusion to the search for a new employee.

We utilize an internal posting system for all nonexempt positions and many management positions. Employee referrals have been a good source of potential candidates for our hiring needs. However, our Union contract precludes outside hire prior to job posting, and an internal bidding process is required for over 30 percent of the positions within the company.

All employees are informed of the Company's EEO policy through receipt of the policy in the Employee Handbook (available to all employees on the company intranet); through employee orientation where the policy is specifically covered in the orientation program. All employment advertisements specify that CCI is an Equal Opportunity Employer.

While we have successfully targeted minorities and females through the search firms we utilize, most of the recruiting within the communities served is done through employee referral and/or Internet advertisement. Because of the union job posting/bidding process and extensive staff reduction over the past two years, we have conducted no recruitment from colleges or secondary schools.

All positions recruited externally are posted on the company web site and the Internet. Most successful position incumbents have five or more years of previous work experience.

We continue to provide extensive technical and product related training with service technicians, customer service and sales staff to both enhance our service levels and their own capabilities.

As part of our standard recruitment efforts, we endeavor to recruit minorities and women by the following methods: using the proper EEO identification in help-wanted advertisements, job posting; utilizing recruitment agencies prioritizing minority candidates; soliciting employment referrals from existing employees.

As shown above, company employees are members in all local civic and service organizations and are active in discussing and promoting business opportunities available with the company as well as potential employment. Active participation in local Chambers of Commerce has produced good relations with these businesses.

### III. Describe the initiatives, programs, and activities the utility will pursue during the next year to increase the diversity of its workforce and contracting opportunities for small and historically underutilized businesses.

The company will continue to emphasize and expand the programs detailed above. The success of these activities, as shown in IV below, demonstrates their validity and the company's commitment to achieving true diversity in both their workforce and procurement practices. Additionally, the company will make a concerted effort to establish closer relationships in organizations with minority and female business membership emphasis, in order to promote and increase business opportunities with these business people and will be more active in using publications to promote business/vendor and employment opportunities.

### IV. State the specific progress made under the plan filed by the utility:

Gender	White	Black	Hispanic	Indian/Asian	TOTAL
Female	15	4	6	0	25
Male	9	1	4	1	15
TOTALS	24	5	10	1	40

### 2006 Hiring Experience

CONSOLIDATED COMMUNICATIONS

## WORKFORCE AND SUPPLIER DIVERSITY FORM 2006 WORKFORCE DIVERSITY

			NUMBER		<b>OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR</b>	<b>JLL-TIME</b>	EMPLO	YEES FO	R REPOF	RTING YE	AR	-	
Occupational Categories	Combined	Company Totals	y Totals	Caucasian	asian	African American	merican	Hisp	Hispanic	As	Asian	American Indian	n Indian
	Total	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Officials and Managers	67	50	17	48	13	1	3	1	1	0	0	0	0
								Ċ	c	c	C		C
Professionals	113	79	34	<i>در</i>	28	2	4	7	7		D	0	>
Technicians	68	65	ę	55	3	3	0	2	0	0	0	0	0
Sales Workers	17	10	7	6	9	0	0	1	1	0	0	0	0
Office and Clerical	103	9	26	3	74	-	5	2	18	0	0	0	0
Craft Workers (Skilled)	68	68	0	64	0	1	0	3	0	0	0	0	0
Operatives (Semi-skilled)	4	4	0	3	0	0	0	1	0	0	0	0	0
Laborers (Unskilled)	2	Ŧ	1	1	1	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0
Previous Year Totals	442	283	159	258	125	Ø	12	17		0	0	0	0
This Year Totals	506	307	199	279	147	9	18	18	33	-	-	0	0

### CONSOLIDATED COMMUNICATIONS WORKFORCE AND SUPPLIER DIVERSITY FORM

# HUB/SMALL BUSINESS PROCUREMENT AS A PERCENTAGE OF TOTAL COMPANY PROCUREMENT

Actual % = ITotal HUB(1) procurement + Total Small Business(2) proc	procurement]/Total	Actual % for	Actual % for	Percentage
Company procurement		Previous FY	Current FY	Change
Construction Contracts (3)		34.51%	40.07%	2.56%
Commodities Contracts (4)		3.85%	4.67%	
Other Services (5)		19.38%	29.21%	6.83%
Professional Services Contracts (6)		5.10%	9.41%	4.31%
Maior Folitioment (7)		10.12%	3.36%	-6.76%
Other (8)		1.77%	0.53%	-1.24%

(1) HUB -- Pursuant to Texas Government Code 481.191(4), HUB means: (A) a corporation formed for the purpose of making a profit in which at least 51% of all classes of the shares of stock or other equitable securities is owned by one or more persons who are members of certain groups, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians; (B) a sole proprietorship formed for the purpose of making a profit that is 100 percent owned, operated and controlled by a person described by Paragraph (A) of this subdivision; (C) a partnership formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more of the persons described by Paragraph (A) of this subdivision. Those persons must have proportionate interest and demonstrate active participation in the control, operation, and management of the partnership's affairs; or (D) a joint venture in which each entity in the joint venture is a historically underutilized business under this subdivision.

(2) Small Business -- Pursuant to Texas Government Code 481.191(6), Small Business means a corporation, partnership, sole proprietorship, or other legal entity that: (A) is domiciled in this state; (B) is formed to make a profit; (C) is independently owned and operated; and (D) employs fewer than 100 full-time employees.

remodeling, renovating, and repair of office buildings. Heavy construction other than buildings such as pipelines, communications and power lines, sewer and water mains, asphalt and (3) Construction -- Construction done by general contractors and special trade contractors which includes new work, additions, alterations, reconstruction, installations, repairs, concrete construction of roads, trenching, cable laying, conduit construction, land clearing and leveling.

(4) Commodities -- All materials, goods or tangibles purchased to conduct business, not including fuel or purchased power contracts and major equipment purchases and rentals.

(5) Other Services -- All specialty work, special circumstances that required contract labor, special consultants or other non-defined services. Examples include audio/visual, staffing services, landscaping, forestry, tree trimming, art and decorative services, janitorial, travel/lodging, automotive repair, and photography. (6) Professional Services -- Contracted professional services which include legal, consulting, health, engineering, accounting, advertising/marketing, architectural, real estate, computer services, research and analysis, education/training, insurance, surveying services, weather services, environmental, financial, etc.

(7) Major Equipment -- Includes all major equipment purchases and rentals including but not limited to transmission and distribution equipment, power plant equipment, substation equipment, heavy construction equipment, fleet requirements, etc.

(8) Other -- Any commodity or service not covered by the above categories.