

This has been a challenging year for our association. Late in 2011 the largest member company, AT&T, withdrew their membership citing financial reasons and the remaining member companies face significant regulatory uncertainty. These challenges require us to refocus our effort and prepare for the future.

Recently, your Board of Directors determined we needed to chart a new strategic direction. We need to know who CalCom is, and what we plan to become. To begin the process, Board members met in late January at an off-site retreat location where we engaged in a strategic direction planning session. These sessions were professionally facilitated and were followed up by another lengthy session during the recent Tech Expo.

At the retreat, we discussed expanding the membership and the direction of our association. This will require further in-depth development with input from all members. Emphasis should be placed on transition into a premier broadband communications association that:

1. seeks more and greater partnerships;
2. empowers, benefits, educates and informs its members;
3. promotes common interests;
4. embraces the challenges of changing technologies;
5. accelerates broadband adoption; and,
6. advocates for consumers.

The Board is giving serious consideration to opening up the membership to a wider array of telecommunications service providers, including CLEC's, ISP's, Education and Research, Healthcare, and Native Americans.

While the Board had planned to communicate its progress and encourage input at the Spring Conference in May, it has become obvious that more time is required to develop a sound vision. Furthermore, the Board recognizes its responsibilities to be fiscally responsible.

With that said, there are two significant changes that we must make:

1. The Board announces the postponement of the 2012 Spring Conference and has immediately set out to re-schedule as a Fall Conference, perhaps in Monterey as previously planned, or in a similar venue. We apologize for any inconvenience this may cause you, and hope to be able to announce within the next 30-45 days the details for the Fall Conference.
2. Given the significant financial challenges CalCom is facing, the Board has decided to eliminate the position of President.

While the above actions could be viewed as drastic measures, coupled with the task of reinventing CalCom, one could easily just give up, but your Board will not do that because challenges create opportunities!

By all accounts, the Tech Expo was a success. One of the major changes the Board has instituted already is greater coordination with the Associate Members, not just the associate representative having a seat on the Board, but with the entire Suppliers Committee. The Chairman met with many suppliers and Associate Members during the Tech Expo, listening and exchanging ideas for association improvements. Additionally, the Chairman has been approached by many non-traditional Telco service providers whom have expressed an

interest in joining our association. They need help with growing and expanding their business and we need to understand how to operate in highly competitive non-regulated market place. This co-oppetition (not competition) spirit is the very fabric that created the association over 100 years ago when the small RLEC's leveraged their competitive strengths while helping each other succeed.

In the meantime, know that CalCom is open for business while we seek to reinvent ourselves, rethink our programs, and refocus our efforts to meet the ever changing needs of our industry. While all of the details have not been put in place, the outline of a successful approach is being implemented. Mariann Loomis, Member Services Administrator, remains as the primary CalCom office point of contact. All existing committees, the catalyst of our association, will remain in place.

The Board seeks to provide increased value and relevance, improve member benefits, offer a voice of reason, and grow and expand the membership base. In addition to facing all of our challenges, we ask that you take an active role in helping with establishing a new strategic direction as we navigate through these uncertain times; we request your input and most importantly, your participation.

Please know that CalCom will strive to achieve Relevance, Value and Stability to its members in the very near future. We thank you in advance for your patience during our transition.

Thank you for listening and caring!

Sincerely,

Your committed Board of Directors.