

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHMENT

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHMENT

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Janice L. Hoster Date ▶ 08/07/2012

Print your name ▶ Janice L. Hoster Title ▶ Director of Tax

Paid Preparer Use Only

Print/Type preparer's name James A. Christopher	Preparer's signature <u>James A. Christopher</u>	Date 08/07/2012	Check <input type="checkbox"/> if self-employed	PTIN P01200024
Firm's name ▶ Ernst & Young, LLP	Firm's EIN ▶ 34-6565596			
Firm's address ▶ 155 N. Wacker Drive, Chicago, IL 60606	Phone no. 312-879-2000			

**SureWest Communications 68-0365195
Form 8937
Report of Organizational Actions Affecting Basis of Securities
Attachment**

Part II, Line 14

Consolidated Communications Holdings, Inc. ("Consolidated") and SureWest Communications ("SureWest") entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which Consolidated acquired SureWest. The Merger Agreement provided for a two-step merger in which, first, a wholly-owned subsidiary of Consolidated merged with and into SureWest, with SureWest surviving (the "First Merger"), and then SureWest merged with and into a separate wholly-owned subsidiary of Consolidated (the "Second Merger" and together with the First Merger, the "Mergers"). As a result of these mergers, the separate corporate existence of SureWest ceased, and the wholly owned subsidiary of Consolidated continued as the surviving corporation and a wholly-owned subsidiary of Consolidated. The Mergers were effective as of July 2, 2012.

Part II, Line 15

The U.S. federal income tax consequences of the Mergers to a U.S. shareholder depends on whether such U.S. Shareholder received cash, shares of Consolidated common stock or a combination of cash and stock in exchange for such U.S. Shareholder's SureWest common stock.

Exchange of SureWest common stock solely for Consolidated common stock

Except as discussed below, see "Cash in Lieu of Fractional Shares of Consolidated Common Stock," a U.S. Shareholder who exchanged all of its shares of SureWest common stock solely for shares of Consolidated common stock pursuant to the First Merger will not recognize gain or loss in connection with such exchange. A U.S. Shareholder's aggregate tax basis in the Consolidated common stock received in the First Merger in exchange for its SureWest common stock, including any fractional shares deemed received by the U.S. Shareholder under the treatment discussed below in "Cash in Lieu of Fractional Shares of Consolidated Common Stock," generally will equal such U.S. Shareholder's aggregate tax basis in the SureWest common stock surrendered by such U.S. Shareholder in the First Merger.

Exchange of SureWest common stock solely for cash

A U.S. Shareholder who exchanged all of its shares of SureWest common stock solely for cash pursuant to the First Merger generally will recognize capital gain or loss equal to the difference between the amount of cash received by such U.S. Shareholder and the U.S. Shareholder's adjusted tax basis in the SureWest common stock exchanged.

Exchange of SureWest common stock for a combination of Consolidated common stock and cash

Except as discussed below, a U.S. Shareholder who exchanged its shares of SureWest common stock for a combination of Consolidated common stock and cash pursuant to the First Merger will recognize gain (but not loss) equal to the lesser of (i) the excess, if any, of the amount of cash plus the fair market value of any Consolidated common stock received in the First Merger, over such U.S. Shareholder's adjusted tax basis in the shares of

SureWest common stock surrendered by such U.S. Shareholder in the First Merger and (ii) the amount of cash received by such U.S. Shareholder in the First Merger (other than cash received in lieu of fractional shares of Consolidated common stock).

For purposes of this calculation, the fair market value of Consolidated common stock is based on the trading price of that stock on the date of the First Merger.

received by such U.S. Shareholder in the First Merger in exchange for its SureWest common stock, including any fractional shares deemed received by the U.S. Shareholder under the treatment discussed be x basis in the Consolidated common stock tional Shares of Consolidated tax basis in the SureWest common stock surrendered in the First Merger, increased by the amount of taxable gain or dividend income (see below), if any, recognized by such U.S. Shareholder in the First Merger (other than with respect to cash received in lieu of fractional shares of Consolidated common stock), and decreased by the amount of cash, if any, received by such U.S. Shareholder in the First Merger (other than cash received in lieu of fractional shares of Consolidated common stock).

Cash in Lieu of Fractional Shares of Consolidated Common Stock

A U.S. Shareholder who received cash instead of a fractional share of Consolidated common stock will be treated as having received the fractional share of Consolidated common stock pursuant to the First Merger and then as having exchanged the fractional share of Consolidated common stock for cash in a redemption by Consolidated. In general, this deemed redemption will be treated as a sale or exchange and a U.S. Shareholder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. Shareholder and (ii) the portion of the basis of the shares of SureWest common stock allocable to such fractional interest.

Part II, Line 16

See Line 15.

Part II, Line 17

Code Sections 302, 304, 356, 358, and 368.

Part II, Line 18

See Line 15.

Part II, Line 19

SureWest will report the transaction on its final tax return for the short year ended July 2, 2012.