

Consolidated Communications Holdings Reports First Quarter 2007 Results

- **Total Connections Up 2,800 over Prior Quarter, Driven by Broadband Growth**
- **IPTV Subscribers Grow by 1,400 in the Quarter**
- **Adjusted EBITDA of \$37.2 Million, Net Cash from Operating Activities of \$18.0 Million**

MATTOON, Ill., May 10 /PRNewswire-FirstCall/ -- Consolidated Communications Holdings, Inc. (Nasdaq: CNSL) today announced results for the first quarter ended March 31, 2007. The company reported revenues of \$83.0 million for the quarter. Adjusted EBITDA and net cash provided by operating activities for the quarter were \$37.2 million and \$18.0 million, respectively.

"Our consistent focus and execution is delivering strong results, and we are off to a great start in 2007," said Bob Currey, Consolidated's president and chief executive officer. "Increased broadband connections and improved operating efficiencies helped deliver our strong financial performance. We generated cash available to pay dividends of \$14.7 million for the quarter, which resulted in a 68.5 percent payout ratio."

"DSL continues to perform very well for us and is a key component of our triple play bundle, which positively impacts customer value and retention. Continued consumer demand for DSL drove another solid quarter, with the addition of over 3,200 subscribers. We ended the quarter with nearly 56,000 DSL subscribers, and our penetration of primary residential lines now exceeds 33.6 percent."

"Our strategy of layering IPTV over our DSL product continues to gain market acceptance. We added over 1,400 IPTV subscribers during the quarter, bringing the total subscriber base to nearly 8,400. Subscribers grew by nearly 1,000 in Illinois, bringing penetration to over 20 percent of total homes passed and over 29 percent in the three original markets we launched. The rollout in Conroe, TX and Katy, TX is going well, and we expect subscriber growth to accelerate as we launch high definition and DVR service in 2007. IPTV was launched in the Lufkin, TX market in March and we are encouraged with the early results. DSL and IPTV are 'sticky' and have been drivers of the growth in connections and revenue per customer. In fact, over 90 percent of our video customers take our full triple play offering, making us the leading network based triple play provider in our markets," Currey concluded.

Operating Statistics at March 31, 2007, Compared to December 31, 2006

- Total connections were 296,145, an increase of 2,770, or 0.9 percent.
- Total local access lines were 231,818, a decrease of 1,875, or 0.8 percent.
- Broadband connections were 64,327, an increase of 4,641 or 7.8 percent.
- DSL subscribers were 55,961, an increase of 3,229, or 6.1 percent.
- IPTV subscribers were 8,366, an increase of 1,412, or 20.3 percent.
- Long distance lines were 149,318, an increase of 1,137, or 0.8 percent.

Steve Childers, Consolidated's chief financial officer, said, "As expected, our financial results were very strong for the quarter. Revenue, adjusted EBITDA and cash from operations grew by \$3.6 million, \$2.4 million and \$3.6 million, respectively, compared to the first quarter of 2006. As a result of the growth in revenue and the cost reduction initiatives we put in place in 2006, we realized an approximate 100 basis point improvement in our adjusted EBITDA margin compared to the first quarter of 2006."

Cash Available to Pay Dividends

For the quarter, cash available to pay dividends, or CAPD, was \$14.7 million and the dividend payout ratio was 68.5 percent. As of March 31, 2007, cumulative available cash, which is defined in the dividend restriction covenants in the company's credit facility as the difference between CAPD and dividends paid for the period since September 30, 2005, was approximately \$30.0 million. At March 31, 2007, cash and cash equivalents were \$26.1 million. The company made capital expenditures of \$8.2 million during the first quarter.

Financial Highlights for the First Quarter Ended March 31, 2007

- Revenues were \$83.0 million, compared to \$79.4 million in the first quarter of 2006. The improvement was primarily due to a \$1.4 million increase in Data and Internet Services revenue and a \$1.2 million increase in Network Access Services

revenue. The increase in Data and Internet Services revenue was due to the growth in DSL and IPTV subscribers. The increase in Network Access Services revenue was attributable to an increase in switched access rates associated with our 2006 tariff filing and a \$0.7 million settlement of an outstanding billing claim. Also reflected in this quarter's results were approximately \$0.5 million in other miscellaneous revenue settlements.

- Income from operations was \$18.4 million, compared to \$15.2 million in the first quarter of 2006. The increase was driven by both the revenue items mentioned above, as well as the impact of cost reduction initiatives implemented in 2006.
- Interest expense, net was \$11.4 million, compared to \$10.0 million in the same quarter last year. The increase was primarily driven by the increase in bank debt associated with the share repurchase in the third quarter of 2006.
- Income tax expense was \$3.7 million, compared to \$2.9 million in the first quarter of 2006. The increase was due to the increase in pre-tax income.
- Net income was \$4.6 million, compared to \$3.5 million in the first quarter of 2006.
- Net income per common share was \$0.18, compared to \$0.12 per common share in the first quarter of 2006. "Adjusted net income per share" excludes certain items in the manner described in the table provided in this release. On that basis, "adjusted net income per share" for the quarter ended March 31, 2007 was \$0.21, compared to \$0.15 in the first quarter of 2006.
- Adjusted EBITDA was \$37.2 million and net cash provided by operating activities was \$18.0 million compared to \$34.8 million and \$14.4 million, respectively, for the first quarter of 2006. Total net debt to last twelve month Adjusted EBITDA coverage ratio was 4.0 times to one, and all other coverage ratios were also within compliance levels of our credit facility.

Financial Guidance

For 2007, the company reiterates the following guidance: Capital expenditures are expected to be in the range of \$32.0 million to \$34.0 million; cash interest expense is expected to be in the range of \$43.5 million to \$45.0 million; and cash income taxes are expected to be in the range of \$12.0 million to \$14.0 million.

Dividend Payments

The company paid its latest quarterly dividend of \$0.38738 per common share on May 1, 2007 to stockholders of record on April 15, 2007. On May 8, 2007, the company's board of directors declared its next quarterly dividend of \$0.38738 per common share, which is payable on August 1, 2007 to stockholders of record at the close of business on July 15, 2007.

For 2007, the company expects approximately 10 percent of its distributions to be classified as non-dividend distribution (return of capital), with the remainder being classified as ordinary dividends. This is an estimate and will be updated as appropriate.

Conference Call Information

The company will host a conference call today at 11:00 a.m. Eastern Time / 10:00 a.m. Central Time. The call is being webcast and can be accessed from the "Investor Relations" section of the company's website at <http://www.consolidated.com>. The webcast will also be archived on the company's website. If you do not have internet access, the conference call dial-in number is 1-800-642-1783. International parties can access the call by dialing 1-706-679-5600. A telephonic replay of the conference call will also be available starting two hours after completion of the call until May 14, 2007 at midnight Eastern Time. To hear the replay, parties in the United States and Canada should call 1-800-642-1687 and international parties should call 1-706-645-9291 and enter pass code 5511283.

Use of Non-GAAP Financial Measures

This press release, as well as the conference call, includes disclosures regarding "Adjusted EBITDA", "Adjusted EBITDA Margin", "cash available to pay dividends", "cumulative available cash", "total net debt to last twelve month Adjusted EBITDA coverage ratio", and "adjusted net income per share", all of which are non-GAAP financial measures. Accordingly, they should not be construed as alternatives to net cash from operating or investing activities, cash and cash equivalents, cash flows from operations or net income (loss) as defined by GAAP and are not, on their own, necessarily indicative of cash available to fund cash needs as determined in accordance with GAAP. In addition, not all companies use identical calculations, and these non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. A reconciliation of the differences between these non-GAAP financial measures and the most directly comparable financial measures presented in accordance with GAAP is included in the tables that follow.

Adjusted EBITDA, which corresponds to consolidated EBITDA as used and defined in the Form 10-K dated December 31, 2006, is comprised of historical EBITDA, as adjusted for certain adjustments permitted and contemplated by our credit facility.

EBITDA is defined as net earnings (loss) before interest expenses, income taxes, depreciation and amortization on an historical basis. We believe net cash provided by operating activities is the most directly comparable financial measure to EBITDA under GAAP. EBITDA is a non-GAAP financial measure.

Cash available to pay dividends represents Adjusted EBITDA plus cash interest income less (1) cash interest expense, (2) capital expenditures, (3) cash taxes and (4) stock repurchases.

We present Adjusted EBITDA and cash available to pay dividends for several reasons. Management believes Adjusted EBITDA and cash available to pay dividends are useful as a means to evaluate our ability to fund our estimated uses of cash (including interest on our debt) and pay dividends. In addition, we have presented Adjusted EBITDA and cash available to pay dividends to investors in the past because they are frequently used by investors, securities analysts and other interested parties in the evaluation of companies in our industry, and management believes presenting them here provides a measure of consistency in our financial reporting. Adjusted EBITDA and cash available to pay dividends, referred to as Available Cash in our credit agreement, and cumulative available cash are also components of the restrictive covenants and financial ratios contained in the agreements governing our debt that require us to maintain compliance with these covenants and limit certain activities, such as our ability to incur debt and to pay dividends. The definitions in these covenants and ratios are based on Adjusted EBITDA, cash available to pay dividends and cumulative available cash after giving effect to specified charges. Other information related to these three non-GAAP financial measures, specifically "total net debt to last twelve month Adjusted EBITDA coverage ratio" and "Adjusted EBITDA margin", help put these three measures in context. As a result, management believes the presentation of Adjusted EBITDA and cash available to pay dividends, as supplemented by these other items, provide important additional information to investors. In addition, Adjusted EBITDA and cash available to pay dividends provide our board of directors with meaningful information to determine, with other data, assumptions and considerations, our dividend policy and our ability to pay dividends under the restrictive covenants in the agreements governing our debt and to measure our ability to service and repay debt.

These non-GAAP financial measures have certain shortcomings. In particular, Adjusted EBITDA does not represent the residual cash flows available for discretionary expenditures, since items such as debt repayment and interest payments are not deducted from such measure. Similarly, while we may generate cash available to pay dividends, we are not required to use any such cash to pay dividends, and the payment of any dividends is subject to declaration by our board of directors, compliance with applicable law and the terms of our credit agreement and the indenture governing our senior notes.

Because Adjusted EBITDA is a component of the Dividend Payout Ratio and the ratio of total net debt to last twelve month Adjusted EBITDA, these measures are also subject to the material limitations discussed above. In addition, the ratio of total net debt to last twelve month Adjusted EBITDA is subject to the risk that we may not be able to use the cash on the balance sheet to reduce our debt on a dollar-for-dollar basis. Management believes these ratios are useful as a means to evaluate our ability to incur additional indebtedness in the future and, together with adjusted net income per share, assist investors, securities analysts and other interested parties in evaluating the companies in our industry.

About Consolidated

Consolidated Communications Holdings, Inc. is an established rural local exchange company (RLEC) providing voice, data and video services to residential and business customers in Illinois and Texas. Each of the operating companies has been operating in its local market for over 100 years. With approximately 232,000 local access lines, 56,000 DSL subscribers and 8,400 IPTV subscribers, Consolidated Communications offers a wide range of telecommunications services, including local and long distance service, custom calling features, private line services, dial-up and high-speed Internet access, digital TV, carrier access services, and directory publishing. Consolidated Communications is the 15th largest local telephone company in the United States.

Safe Harbor

Any statements contained in this press release that are not statements of historical fact, including statements about management's beliefs and expectations, are forward-looking statements and should be evaluated as such. The words "anticipates", "believes", "expects", "intends", "plans", "estimates", "targets", "projects", "should", "may", "will" and similar words and expressions are intended to identify forward-looking statements. Such forward-looking statements reflect, among other things, the company's current expectations, plans, strategies and anticipated financial results and involve a number of known and unknown risks, uncertainties and factors that may cause the actual results to differ materially from those expressed or implied by these forward-looking statements. These risks include, but are not limited to the following: various risks to stockholders of not receiving dividends and risks to the company's ability to pursue growth opportunities if the company continues to pay dividends according to the current dividend policy; various risks to the price and volatility of the common stock; the substantial amount of debt and the company's ability to incur additional debt in the future; the company's need for a significant amount of cash to service and repay the debt and to pay dividends on the common stock; restrictions contained in the debt agreements that limit the discretion of management in operating the business; the ability to refinance the existing debt as necessary; regulatory changes, rapid development and introduction of new technologies and intense competition in the telecommunications industry; risks associated with the company's possible pursuit of acquisitions; economic conditions in the company's service areas in Illinois and Texas; system failures; losses of large customers or government contracts; risks associated with the rights-of-way for the network; disruptions in the relationship with third party vendors; losses of key management personnel and the inability to attract and retain highly qualified management and personnel in the future; changes in the extensive governmental legislation and regulations governing telecommunications providers and the provision

of telecommunications services; telecommunications carriers disputing and/or avoiding their obligations to pay network access charges for use of the company's network; high costs of regulatory compliance; the competitive impact of legislation and regulatory changes in the telecommunications industry; liability and compliance costs regarding environmental regulations, and the risks identified or discussed in more detail in the section entitled "Risk Factors" in the company's Annual Report on Form 10-K for the year ended December 31, 2006, as well as in the other documents that we file from time to time with the Securities and Exchange Commission.

Many of these risks are beyond management's ability to control or predict. All forward-looking statements attributable to the company or persons acting on the company's behalf are expressly qualified in their entirety by the cautionary statements and risk factors contained in this press release and the company's filings with the Securities and Exchange Commission. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made. Except as required under the federal securities laws or the rules and regulations of the Securities and Exchange Commission, the company does not undertake any obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise.

- Tables Follow -

Consolidated Communications
Condensed Consolidated Balance Sheets
(Dollars in thousands)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$26,103	\$26,672
Accounts receivable, net	35,788	34,396
Prepaid expenses and other current assets	14,655	13,149
Total current assets	76,546	74,217
Property, plant and equipment, net	309,187	314,381
Intangibles and other assets	495,696	500,981
Total assets	\$881,429	\$889,579
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$7,884	\$11,004
Accrued expenses and other current liabilities	55,822	54,742
Total current liabilities	63,706	65,746
Long-term debt	594,000	594,000
Other long-term liabilities	111,068	111,180
Total liabilities	768,774	770,926
Minority interests	3,867	3,695
Stockholders' equity:		
Common stock, \$0.01 par value	261	260
Paid in capital	200,603	199,858
Accumulated deficit	(92,796)	(87,362)
Accumulated other comprehensive income	720	2,202
Total stockholders' equity	108,788	114,958
Total liabilities and stockholders' equity	\$881,429	\$889,579

Consolidated Communications
Condensed Consolidated Statements of Operations
(Dollars in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2007	2006
Revenues	\$82,980	\$79,426
Operating expenses:		
Cost of services and products	25,629	24,673
Selling, general and administrative expenses	22,299	22,512
Depreciation and amortization	16,629	17,071
Income from operations	18,423	15,170
Other income (expense):		
Interest expense, net	(11,400)	(10,042)
Other income, net	1,283	1,348
Income before income taxes	8,306	6,476
Income tax expense	3,687	2,928
Net income	4,619	3,548
Net income per common share	\$0.18	\$0.12

Consolidated Communications
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)

	Three Months Ended	
	March 31,	
	2007	2006
OPERATING ACTIVITIES		
Net Income	\$4,619	\$3,548
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	16,629	17,071
Non-cash stock compensation	734	625
Other adjustments, net	418	5,015
Changes in operating assets and liabilities, net	(4,429)	(11,898)
Net cash provided by operating activities	17,971	14,361
INVESTING ACTIVITIES		
Capital expenditures	(8,187)	(8,523)
Net cash used in investing activities	(8,187)	(8,523)
FINANCING ACTIVITIES		
Proceeds from issuance of stock	12	--
Payment of deferred financing costs	(320)	--
Dividends on common stock	(10,045)	(11,540)
Net cash used in financing activities	(10,353)	(11,540)
Net decrease in cash and cash equivalents	(569)	(5,702)
Cash and cash equivalents at beginning of period	26,672	31,409
Cash and cash equivalents at end of period	\$26,103	\$25,707

Consolidated Communications
Consolidated Revenue by Category
(Dollars in thousands)
(Unaudited)

Telephone Operations	Three months ended March 31,	
	2007	2006

Local calling services	\$21,313	\$21,364
Network access services	18,318	17,070
Subsidies	11,597	12,182
Long distance services	3,636	3,747
Data and Internet services	8,631	7,214
Other services	9,014	7,781
Total Telephone Operations	72,509	69,358
Other Operations	10,471	10,068
Total operating revenues	\$82,980	\$79,426

Consolidated Communications
Schedule of ARPU Calculations
(Dollars in thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2007	2006
Ending Access Lines	231,818	240,959
Average Access Lines	232,582	241,130
Telephone Operations Revenue	\$72,509	\$69,358
Prior period subsidy settlements	\$(235)	\$(197)
Telephone Operations, excluding prior period subsidy settlements	\$72,744	\$69,555
Monthly Telephone Operations ARPU	\$103.92	\$95.88
Monthly Telephone Operations ARPU, excluding prior period subsidy settlements	\$104.26	\$96.15

Consolidated Communications
Schedule of Adjusted EBITDA Calculation
(Dollars in thousands)
(Unaudited)

	Three Months Ended		Three Months Ended	Twelve Months Ended	Last Twelve Months Ended
	March 31,		December 31,	December 31,	March 31,
	2007	2006	2005	2006	2007
Historical EBITDA:					
Net cash provided by operating activities	\$17,971	\$14,361	\$32,229	\$84,593	\$88,203
Adjustments:					
Compensation from restricted share plan	(734)	(625)	(1,346)	(2,482)	(2,591)
Other adjustments, net	(418)	(5,015)	(14,380)	(8,083)	(3,486)
Changes in operating assets and liabilities	4,429	11,898	(2,073)	6,669	(800)
Interest expense, net	11,400	10,042	10,631	42,899	44,257
Income taxes	3,687	2,928	7,234	405	1,164
Historical EBITDA (1)	36,335	33,589	32,295	124,001	126,747

Adjustments to EBITDA:
Integration,

restructuring and Sarbanes-Oxley (2)	172	466	1,994	3,684	3,390
Other, net (3)	(1,455)	(1,348)	(780)	(7,143)	(7,250)
Investment distributions (4)	1,395	1,451	771	5,516	5,460
Intangible assets impairment (5)	--	--	--	11,240	11,240
Non-cash compensation (6)	734	625	1,346	2,482	2,591
Adjusted EBITDA	\$37,181	\$34,783	\$35,626	\$139,780	\$142,178

Footnotes for Adjusted EBITDA:

- (1) Historical EBITDA is defined as net earnings (loss) before interest expense, income taxes, depreciation and amortization on a historical basis.
- (2) Represents certain expenses associated with integrating and restructuring the Texas and Illinois businesses and Sarbanes-Oxley start-up costs. For the first quarter of 2007, this is comprised of \$0.2M in billing integration costs. For the twelve months ended March 31, 2007, this is comprised of \$1.9M in severance, \$0.6M in Sarbanes-Oxley start-up costs and \$0.9M in billing integration costs. For YTD 2006, this is comprised of \$2.0M in severance, \$0.8M in Sarbanes-Oxley start-up costs and \$0.9M in billing integration costs.
- (3) Other, net includes the equity earnings from our investments, dividend income and certain other miscellaneous non-operating items.
- (4) For purposes of calculating Adjusted EBITDA, we include all cash dividends and other cash distributions received from our investments.
- (5) Upon completion of our annual impairment review and as a result of a decline in estimated future cash flows in the telemarketing and operator services business, we determined that the value of the customer lists associated with these businesses was impaired.
- (6) Represents compensation expenses in connection with our Restricted Share Plan, which because of the non-cash nature of the expenses are being excluded from Adjusted EBITDA.

Consolidated Communications
Cash Available to Pay Dividends
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31, 2007	Twelve Months Ended December 31, 2006	Three Months Ended December 31, 2005	October 1, 2005 to March 31, 2007 (4)
Adjusted EBITDA	\$37,181	\$139,780	\$35,626	\$212,587
- Cash interest expense	(10,816)	(40,613)	(9,384)	(60,813)
- Capital Expenditures	(8,187)	(33,388)	(9,498)	(51,073)
+ Proceeds from asset sales(1)	--	6,594	--	6,594
- Cash income taxes	(3,748)	(8,237)	(172)	(12,157)
+ Cash interest income	214	745	174	1,133
- Repurchases of stock (2)	12	(87)	--	(75)
Cash available to pay dividends	\$14,656	\$64,794	\$16,746	\$96,196

Quarterly Dividend	\$10,045	\$44,593	\$11,537	\$66,175
Payout Ratio	68.5%	68.8%	68.9%	68.8%
Adjusted Payout ratio (3)	68.5%	76.6%	68.9%	73.9%

- (1) Represents \$673 of proceeds from the sale of idle property during and \$5,921 of proceeds from the redemption of class C shares of RTB stock.
- (2) Represents the cancellation of stock by employees to pay withholding tax on shares vesting under the Company's Long Term Incentive Plan.
- (3) Represents the payout ratio excluding the effect of asset sales.
- (4) Represents cumulative available cash for the period from October 1, 2005 to March 31, 2007.

Consolidated Communications
Schedule of Adjusted EBITDA Margin Calculation
(Dollars in thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2007	2006
Revenue	\$82,980	\$79,426
Adjusted EBITDA	37,181	34,783
Adjusted EBITDA Margin	44.8%	43.8%

Consolidated Communications
Total Net Debt to LTM Adjusted EBITDA Ratio
(Dollars in thousands)
(Unaudited)

Summary of Outstanding Debt	
Senior Notes	\$130,000
Term loan D	464,000
Total debt as of March 31, 2007	\$594,000
Less cash on hand	(26,103)
Total net debt as of March 31, 2007	\$567,897
Adjusted EBITDA for the last twelve months ended March 31, 2007	142,178
Total Net Debt to last twelve months Adjusted EBITDA	4.0 x

Consolidated Communications
Adjusted Net Income Per Share
(Dollars in thousands)
(Unaudited)

	Three Months Ended	Three Months Ended
	March 31, 2007	March 31, 2006
Reported net income applicable to		

common stockholders	\$4,619	\$3,548
Severance, net of tax	4	26
Sarbanes Oxley start-up costs, net of tax	--	109
Billing integration, net of tax	92	121
Non-cash compensation	734	625
Adjusted income applicable to common stockholders	\$5,449	\$4,429
Weighted average number of shares		
outstanding	26,029,228	29,788,518
Adjusted net income per share	\$0.21	\$0.15

Calculations above assume a 44.4 percent and 45.2 percent effective tax rate for the three months ended March 31, 2007 and 2006, respectively.

Consolidated Communications
Key Operating Statistics

	March 31, 2007	March 31, 2006
Local access lines in service		
Residential	153,640	161,322
Business	78,178	79,637
Total local access lines	231,818	240,959
IPTV subscribers		
Illinois	7,288	3,514
Texas	1,078	--
Total IPTV subscribers	8,366	3,514
DSL subscribers	55,961	43,713
Broadband Connections	64,327	47,227
Total connections	296,145	288,186
Long distance lines	149,318	145,795
Dial-up subscribers	11,128	14,623
Service bundles	44,728	39,036
IPTV Homes passed		
Illinois	35,843	22,679
Texas	71,340	--
Total homes passed	107,183	22,679

SOURCE Consolidated Communications Holdings, Inc.
05/10/2007

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5063 05/10/2007 07:00 EDT <http://www.prnewswire.com>