



**Citizens Communications**  
**3 High Ridge Park**  
**Stamford, CT 06905**  
**203.614.5600**  
**Web site: [www.czn.net](http://www.czn.net)**

Contact:  
Brigid Smith  
203.614.5042  
[bsmith@czn.com](mailto:bsmith@czn.com)

## **Citizens Communications Reports 2007 Second-Quarter Results**

**Stamford, Conn., August 1, 2007** — Citizens Communications (NYSE:CZN) today reported second quarter 2007 revenues of \$578.8 million, operating income of \$171.3 million, and net income of \$40.6 million. Net income of \$101.7 million for the second quarter of 2006 included the effects of the \$64.6 million in cash received upon the liquidation of the Rural Telephone Bank. Excluding that gain, net income for the second quarter of 2006 would have been \$63.0 million.

Second quarter 2007 revenue was \$578.8 million, as compared to \$506.9 million in the second quarter of 2006. Second quarter 2007 results include revenues of \$83.0 million related to the operations of Commonwealth Telephone Enterprises, which was acquired on March 8, 2007. Revenues, excluding the acquired property, were down 2.2 percent as compared to the same period last year, primarily due to lower federal and state subsidies which are reflected in access revenues, and lower local services revenue, partially offset by improvement in data and internet services. Excluding the acquired property, the Company experienced 17.3 percent growth in data and internet services revenue in the second quarter of 2007, compared to the second quarter of 2006.

Second quarter 2007 other operating expenses were \$215.2 million, as compared to \$179.5 million in the second quarter of 2006. Excluding the expense increase due to the acquisition, the Company's other operating expenses for the second quarter of 2007 decreased by approximately \$5.3 million or 3.0 percent, as compared to the second quarter of 2006 primarily driven by a reduction in the number of employees and improved expense control in benefit costs.

Depreciation and amortization expense for the second quarter of 2007 was \$140.5 million, as compared to \$119.6 million in the second quarter of 2006. Depreciation and amortization expense for the second quarter of 2007, excluding the impact of the acquisition, decreased \$6.2 million or 5.2 percent as compared to the second quarter of 2006. The decrease is primarily due to a declining net asset base.

The Company added approximately 15,300 high-speed internet customers during the quarter and had more than 479,300 high-speed internet customers at June 30, 2007.

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Operating income for the second quarter of 2007 was \$171.3 million and operating income margin was 29.6 percent. Excluding the acquired property, operating income for the second quarter of 2007 was \$163.3 million and operating income margin was 32.9 percent compared to \$169.5 million and 33.4 percent in the second quarter of 2006. Capital expenditures were \$66.7 million for the second quarter of 2007 and \$111.8 million for the first six months of 2007, including \$12.9 million related to the acquired property since the date of acquisition.

Free cash flow was \$116.3 million for the second quarter of 2007 and \$303.9 million for the first six months of 2007. The Company's dividend represents a payout of 56 percent of free cash flow for the first six months of 2007.

During the second quarter, the Company repurchased 3,809,800 shares of its common stock for \$58.7 million. In addition, during the second quarter, the Company redeemed \$495.2 million principal amount of its 7.625% Senior Notes due 2008.

"We delivered another quarter of strong financial results," said Maggie Wilderotter, Chairman and CEO of Citizens. "Continued customer product revenue growth along with disciplined expense control and realized synergies on our Commonwealth acquisition generated a 53.9 percent operating cash flow margin. Our penetration levels increased on all bundled products and high speed revenues continued to be over \$40.00 per customer per month. We are also excited about our recently announced acquisition of Global Valley and remain confident in delivering on our results for the remainder of the year."

The Company uses certain non-GAAP financial measures in evaluating its performance. These include free cash flow and operating cash flow. A reconciliation of the differences between free cash flow and operating cash flow and the most comparable financial measure calculated and presented in accordance with GAAP is included in the tables that follow. The non-GAAP financial measures are by definition not measures of financial performance under generally accepted accounting principles and are not alternatives to operating income or net income reflected in the statement of operations or to cash flow as reflected in the statement of cash flows and are not necessarily indicative of cash available to fund all cash flow needs. The non-GAAP financial measures used by the Company may not be comparable to similarly titled measures of other companies.

The Company believes that presentation of non-GAAP financial measures provides useful information to investors regarding the Company's financial condition and results of operations because these measures, when used in conjunction with related GAAP financial measures, (i) together provide a more comprehensive view of the Company's core operations and ability to generate cash flow, (ii) provide investors with the financial analytical framework upon which management bases financial, operational, compensation and planning decisions, and (iii) presents measurements that investors and rating agencies have indicated to management are useful to them in assessing the Company and its results of operations. Management uses these non-GAAP financial measures to plan and measure the performance of its core operations and its divisions' measure performance and report to management based upon these measures. In addition, the Company believes that free cash flow and operating cash flow, as the Company defines them, can assist in comparing performance from period to period, without taking into account factors affecting cash flow reflected in the statement of cash flows, including changes in working capital and the timing of purchases and payments.

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Management uses these non-GAAP financial measures to (i) assist in analyzing the Company's underlying financial performance from period to period, (ii) evaluate the financial performance of its business units, (iii) analyze and evaluate strategic and operational decisions, (iv) establish criteria for compensation decisions, and (v) assist management in understanding the Company's ability to generate cash flow and, as a result, to plan for future capital and operational decisions. Management uses these non-GAAP financial measures in conjunction with related GAAP financial measures. The Company believes that the non-GAAP financial measures are meaningful and useful for the reasons outlined above.

While the Company utilizes these non-GAAP financial measures in managing and analyzing its business and financial condition and believes they are useful to management and to investors for the reasons described above, these non-GAAP financial measures have certain shortcomings. In particular, free cash flow does not represent the residual cash flow available for discretionary expenditures, since items such as debt repayments and dividends are not deducted in determining such measure. Operating cash flow has similar shortcomings as interest, income taxes, capital expenditures, debt repayments and dividends are not deducted in determining this measure. Management compensates for the shortcomings of these measures by utilizing them in conjunction with their comparable GAAP financial measures. The information in this press release should be read in conjunction with the financial statements and footnotes contained in our documents filed with the U.S. Securities and Exchange Commission.

*About Citizens Communications*

More information about Citizens can be found at [www.czn.net](http://www.czn.net).

*This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management's views and assumptions regarding future events and business performance. Words such as "believe," "anticipate," "expect," and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. These risks and uncertainties are based on a number of factors, including but not limited to: our ability to successfully integrate the operations of Commonwealth Telephone Enterprises, Inc. and to realize the synergies from the Commonwealth acquisition; changes in the number of our revenue generating units; greater than anticipated competition from wireless or wireline carriers; the effects of ongoing changes in the regulation of the communications industry; our ability to successfully introduce new product offerings, including bundled service packages; our ability to sell enhanced services; our ability to comply with federal and state regulations; our ability to effectively manage our operations, costs and capital spending; our ability to successfully renegotiate expiring union contracts; overall changes in the telecommunications market and general and local economic and employment conditions. These and other uncertainties related to our business are described in greater detail in our filings with the Securities and Exchange Commission, including our reports on Forms 10-K and 10-Q and the foregoing information should be read in conjunction with these filings. We do not intend to update or revise these forward-looking statements to reflect the occurrence of future events or circumstances.*

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TABLES TO FOLLOW

**Citizens Communications Company**  
**Consolidated Financial Data <sup>(1)</sup>**  
**(unaudited)**

<i>(Amounts in thousands, except per share amounts)</i>	For the quarter ended			For the six months ended		
	June 30,		%	June 30,		%
	2007	2006	Change	2007	2006	Change
<b>Income Statement Data</b>						
Revenue	\$ 578,826	\$ 506,912	14%	\$ 1,134,973	\$ 1,013,773	12%
Network access expenses	51,878	38,402	35%	102,671	78,620	31%
Other operating expenses	215,188	179,500	20%	405,059	366,801	10%
Depreciation and amortization	140,462	119,552	17%	262,643	241,556	9%
Operating income	171,298	169,458	1%	364,600	326,796	12%
Investment and other income (loss), net <sup>(5)</sup>	(6,517)	65,363	-110%	3,500	64,012	-95%
Interest expense	98,649	85,341	16%	192,613	170,734	13%
Income tax expense	25,573	54,734	-53%	67,261	81,341	-17%
Income from discontinued operations, net of tax	-	6,956	NM	-	13,452	NM
Net income attributable to common shareholders	40,559	101,702	-60%	108,226	152,185	-29%
Weighted average shares outstanding	340,469	322,337	6%	332,331	324,501	2%
Basic net income per share attributable to common shareholders <sup>(2)</sup>	\$ 0.12	\$ 0.32	-63%	\$ 0.33	\$ 0.47	-30%
<b>Other Financial Data</b>						
Capital expenditures	\$ 66,658	\$ 54,519	22%	\$ 111,769	\$ 98,284	14%
Free cash flow <sup>(3)</sup>	116,295	159,973	-27%	303,850	323,269	-6%
Dividends paid	85,379	80,140	7%	170,841	162,773	5%
Dividend payout ratio <sup>(4)</sup>	73%	50%	46%	56%	50%	12%

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.

<sup>(2)</sup> Calculated based on weighted average shares outstanding.

<sup>(3)</sup> A reconciliation to the most comparable GAAP measure is presented at the end of these tables.

<sup>(4)</sup> Represents dividends paid divided by free cash flow.

<sup>(5)</sup> In April 2007, we redeemed \$495.2 million principal amount of our 7.625% Senior Notes due 2008. The debt retirement generated a pre-tax loss on the early extinguishment of approximately \$16.3 million.

In April 2006, we received \$64.6 million upon the liquidation of the Rural Telephone Bank.

**Citizens Communications Company**  
**Financial and Operating Data** <sup>(1)</sup>  
(unaudited)

<i>(Amounts in thousands, except operating data)</i>	For the quarter ended			For the six months ended		
	June 30,		%	June 30,		%
	2007	2006		2007	2006	
<b>TELECOMMUNICATIONS</b>						
<b>Select Income Statement Data</b>						
<b>Revenue</b>						
Local services	\$ 232,622	\$ 203,254	14%	\$ 438,664	\$ 406,820	8%
Data and internet services	131,984	103,459	28%	248,410	203,548	22%
Access services	113,429	104,611	8%	252,454	215,848	17%
Long distance services	47,053	38,692	22%	87,481	77,850	12%
Directory services	28,664	28,547	0%	57,334	57,344	0%
Other	25,074	28,349	-12%	50,630	52,363	-3%
<b>Total revenue</b>	<b>578,826</b>	<b>506,912</b>	14%	<b>1,134,973</b>	<b>1,013,773</b>	12%
<b>Expenses</b>						
Network access expenses	51,878	38,402	35%	102,671	78,620	31%
Other operating expenses	215,188	179,500	20%	405,059	366,801	10%
Depreciation and amortization	140,462	119,552	17%	262,643	241,556	9%
<b>Total expenses</b>	<b>407,528</b>	<b>337,454</b>	21%	<b>770,373</b>	<b>686,977</b>	12%
<b>Operating Income</b>	<b>\$ 171,298</b>	<b>\$ 169,458</b>	1%	<b>\$ 364,600</b>	<b>\$ 326,796</b>	12%
<b>Other Financial and Operating Data</b>						
Access lines	2,503,718	2,188,901	14%	2,503,718	2,188,901	14%
High-speed internet subscribers	479,317	358,851	34%	479,317	358,851	34%
Wireline bundle subscribers	593,020	480,435	23%	593,020	480,435	23%
Switched access minutes of use (in millions)	2,748	2,579	7%	5,276	5,233	1%
Average monthly revenue per average access line <sup>(2)</sup>	\$ 76.53	\$ 76.76	0%	\$ 81.82	\$ 76.34	7%

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.

<sup>(2)</sup> For the six months ended June 30, 2007, the calculation excludes CTE data and includes the \$38.7 million favorable impact from the first quarter 2007 settlement of a switched access dispute. The amount is \$78.75 without the \$38.7 million favorable impact from the settlement.

**Citizens Communications Company**  
**Condensed Consolidated Balance Sheet Data <sup>(1)</sup>**

(Amounts in thousands)

	(Unaudited) June 30, 2007	December 31, 2006
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 418,100	\$ 1,041,106
Accounts receivable and other current assets	277,375	231,887
Total current assets	695,475	1,272,993
Property, plant and equipment, net	3,300,549	2,983,504
Other long-term assets	3,531,724	2,534,708
Total assets	\$ 7,527,748	\$ 6,791,205
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current liabilities:		
Long-term debt due within one year	\$ 32,774	\$ 39,271
Accounts payable and other current liabilities	404,599	386,372
Total current liabilities	437,373	425,643
Deferred income taxes and other liabilities	1,162,023	846,775
Long-term debt	4,698,583	4,460,755
Shareholders' equity	1,229,769	1,058,032
Total liabilities and shareholders' equity	\$ 7,527,748	\$ 6,791,205

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.

**Citizens Communications Company**  
**Condensed Consolidated Cash Flow Data <sup>(1)</sup>**  
(unaudited)

(Amounts in thousands)

	For the six months ended June 30,	
	2007	2006
Cash flows provided by (used in) operating activities:		
Net income	\$ 108,226	\$ 152,185
Deduct: Income from discontinued operations	-	(13,452)
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation and amortization expense	262,643	241,556
Stock based compensation	5,445	5,335
Other	(26,944)	(5,155)
Net cash provided by continuing operating activities	349,370	380,469
Cash flows provided from (used by) investing activities:		
Capital expenditures	(111,769)	(98,284)
Cash paid for Commonwealth acquisition, net	(657,610)	-
Other assets (purchased) distributions received, net	3,851	62,244
Net cash used by investing activities	(765,528)	(36,040)
Cash flows provided from (used by) financing activities:		
Long-term debt borrowings	950,000	-
Financing costs paid	(11,727)	-
Long-term debt payments	(914,516)	(198,126)
Issuance of common stock	11,472	12,756
Dividends paid	(170,841)	(162,773)
Common stock repurchased	(70,730)	(135,239)
Other	(506)	17
Net cash used by financing activities	(206,848)	(483,365)
Cash flows of discontinued operations:		
Operating activities	-	16,880
Investing activities	-	(5,545)
Financing activities	-	-
Net cash provided by discontinued operations	-	11,335
Decrease in cash and cash equivalents	(623,006)	(127,601)
Cash and cash equivalents at January 1,	1,041,106	268,917
Cash and cash equivalents at June 30,	\$ 418,100	\$ 141,316
Cash paid during the period for:		
Interest	\$ 176,558	\$ 169,841
Income taxes	\$ 47,426	\$ 2,871

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.

Reconciliation of Non-GAAP Financial Measures <sup>(1)</sup>

(Amounts in thousands)	For the quarter ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
<i>Net Income to Free Cash Flow ;</i>				
<i>Net Cash Provided by Operating Activities</i>				
Net income	\$ 40,559	\$ 101,702	\$ 108,226	\$ 152,185
<i>Add back:</i>				
Depreciation and amortization	140,462	119,552	262,643	241,556
Income tax expense	25,573	54,734	67,261	81,341
Stock based compensation	2,038	2,658	5,445	5,335
<i>Subtract:</i>				
Cash paid for income taxes	40,640	3,004	47,426	2,871
Investment and other income (loss), net of interest income	(14,961)	61,150	(19,470)	55,993
Capital expenditures	66,658	54,519	111,769	98,284
<b>Free cash flow</b>	<b>116,295</b>	<b>159,973</b>	<b>303,850</b>	<b>323,269</b>
<i>Add back:</i>				
Deferred income taxes	4,962	53,990	28,576	78,153
Non-cash (gains)/losses, net	3,816	3,361	10,205	10,400
Investment and other income (loss), net of interest income	(14,961)	(278)	(19,470)	(5,435)
Cash paid for income taxes	40,640	3,004	47,426	2,871
Capital expenditures	66,658	54,519	111,769	98,284
<i>Subtract:</i>				
Changes in current assets and liabilities	11,690	(5,635)	60,280	26,945
Income tax expense	25,573	54,734	67,261	81,341
Stock based compensation	2,038	2,658	5,445	5,335
Income from discontinued operations	-	6,956	-	13,452
<b>Net cash provided by operating activities</b>	<b>\$ 178,109</b>	<b>\$ 215,856</b>	<b>\$ 349,370</b>	<b>\$ 380,469</b>

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.



Reconciliation of Non-GAAP Financial Measures <sup>(1)</sup>

(Amounts in thousands)	For the quarter ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
<i>Operating Cash Flow and</i>				
<i>Operating Cash Flow Margin</i>				
Operating Income	\$ 171,298	\$ 169,458	\$ 364,600	\$ 326,796
<i>Add back:</i>				
Depreciation and amortization	140,462	119,552	262,643	241,556
<b>Operating cash flow</b>	<b>\$ 311,760</b>	<b>\$ 289,010</b>	<b>\$ 627,243</b>	<b>\$ 568,352</b>
Revenue	\$ 578,826	\$ 506,912	\$ 1,134,973	\$ 1,013,773
Operating income margin (Operating income divided by revenue)	29.6%	33.4%	32.1%	32.2%
Operating cash flow margin (Operating cash flow divided by revenue)	53.9%	57.0%	55.3%	56.1%

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.

**Citizens Communications Company**  
**Consolidating Financial and Operating Data Support <sup>(1)</sup>**  
**(unaudited)**

	For the quarter ended June 30, 2007			For the quarter ended June 30, 2006	%
	As Reported	CTE <sup>(1)</sup>	Citizens (excluding CTE) <sup>(1)</sup>		
<i>(Amounts in thousands, except operating data)</i>					
<b>TELECOMMUNICATIONS</b>					
<b>Select Income Statement Data</b>					
<b>Revenue</b>					
Local services	\$ 232,622	\$ 36,391	\$ 196,231	\$ 203,254	-3%
Data and internet services	131,984	10,623	121,361	103,459	17%
Access services	113,429	22,673	90,756	104,611	-13%
Long distance services	47,053	8,031	39,022	38,692	1%
Directory services	28,664	275	28,389	28,547	-1%
Other	25,074	4,984	20,090	28,349	-29%
<b>Total revenue</b>	<b>578,826</b>	<b>82,977</b>	<b>495,849</b>	<b>506,912</b>	<b>-2%</b>
<b>Expenses</b>					
Network access expenses	51,878	6,837	45,041	38,402	17%
Other operating expenses	215,188	41,034 <sup>(3)</sup>	174,154	179,500	-3%
Depreciation and amortization	140,462	27,070 <sup>(2)</sup>	113,392	119,552	-5%
<b>Total expenses</b>	<b>407,528</b>	<b>74,941</b>	<b>332,587</b>	<b>337,454</b>	<b>-1%</b>
<b>Operating Income</b>	<b>\$ 171,298</b>	<b>\$ 8,036</b>	<b>\$ 163,262</b>	<b>\$ 169,458</b>	<b>-4%</b>
<b>Other Financial and Operating Data</b>					
Capital expenditures	\$ 66,658	\$ 8,592	\$ 58,066	\$ 54,519	7%
Access lines	2,503,718	431,474	2,072,244	2,188,901	-5%
High-speed internet subscribers	479,317	53,671	425,646	358,851	19%
Wireline bundle subscribers	593,020	42,035	550,985	480,435	15%
Switched access minutes of use (in millions)	2,748	372	2,376	2,579	-8%
Average monthly revenue per average access line	\$ 76.53	\$ 63.87	\$ 79.16	\$ 76.76	3%

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.

<sup>(2)</sup> Includes amortization expense of \$15.6 million regarding the customer base acquired in the Commonwealth acquisition.

<sup>(3)</sup> Includes \$9.7 million of common corporate costs allocated to the CTE operations.

**Citizens Communications Company**  
**Consolidating Financial and Operating Data Support <sup>(1)</sup>**  
**(unaudited)**

	For the six months ended June 30, 2007			For the six months ended June 30, 2006	%
	As Reported	CTE <sup>(1)</sup>	Citizens (excluding CTE) <sup>(1)</sup>		
<i>(Amounts in thousands, except operating data)</i>					
<b>TELECOMMUNICATIONS</b>					
<b>Select Income Statement Data</b>					
<b>Revenue</b>					
Local services	\$ 438,664	\$ 45,065	\$ 393,599	\$ 406,820	-3%
Data and internet services	248,410	13,179	235,231	203,548	16%
Access services	252,454	28,368	224,086	215,848	4%
Long distance services	87,481	10,078	77,403	77,850	-1%
Directory services	57,334	343	56,991	57,344	-1%
Other	50,630	6,610	44,020	52,363	-16%
<b>Total revenue</b>	<u>1,134,973</u>	<u>103,643</u>	<u>1,031,330</u>	<u>1,013,773</u>	2%
<b>Expenses</b>					
Network access expenses	102,671	10,686	91,985	78,620	17%
Other operating expenses	405,059	51,038 <sup>(4)</sup>	354,021	366,801	-3%
Depreciation and amortization	262,643	33,968 <sup>(2)</sup>	228,675	241,556	-5%
<b>Total expenses</b>	<u>770,373</u>	<u>95,692</u>	<u>674,681</u>	<u>686,977</u>	-2%
<b>Operating Income</b>	<u>\$ 364,600</u>	<u>\$ 7,951</u>	<u>\$ 356,649</u>	<u>\$ 326,796</u>	9%
<b>Other Financial and Operating Data</b>					
Capital expenditures	\$ 111,769	\$ 12,877	\$ 98,892	\$ 98,284	1%
Access lines	2,503,718	431,474	2,072,244	2,188,901	-5%
High-speed internet subscribers	479,317	53,671	425,646	358,851	19%
Wireline bundle subscribers	593,020	42,035	550,985	480,435	15%
Switched access minutes of use (in millions)	5,276	462	4,814	5,233	-8%
Average monthly revenue per average access line <sup>(3)</sup>	N/A	N/A	\$ 81.82	\$ 76.34	7%

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. (CTE) for approximately \$1.1 billion, and have included the historical results of CTE from the date of acquisition.

<sup>(2)</sup> Includes amortization expense of \$19.5 million for the 23 days of March and full second quarter regarding the customer base acquired in the Commonwealth acquisition.

<sup>(3)</sup> For the six months ended June 30, 2007, the calculation includes the \$38.7 million favorable impact from the first quarter 2007 settlement of a switched access dispute. The amount is \$78.75 without the \$38.7 million favorable impact from the settlement.

<sup>(4)</sup> Includes \$13.4 million of common corporate costs allocated to the CTE operations.