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## Citizens Communications Reports 2007 First-Quarter Results

**Stamford, Conn., May 2, 2007** — Citizens Communications (NYSE:CZN) today reported first quarter 2007 revenues of \$556.1 million, operating income of \$193.3 million, and net income of \$67.7 million.

First quarter 2007 revenue was \$556.1 million, as compared to \$506.9 million in the first quarter of 2006. First quarter 2007 results include revenues of \$20.7 million related to the operations of Commonwealth Telephone Enterprises, since the date of acquisition on March 8, 2007. Revenues, excluding the acquired property, were up 5.6 percent as compared to the same period last year due to higher access, data and internet services, partially offset by declines in local services. Access revenues were significantly higher in the first quarter of 2007 as compared to 2006 due to the settlement of a switched access dispute with a favorable impact of \$38.7 million offset by declines in other access service revenues (which include subsidy payments we receive from federal and state agencies). The Company experienced 13.8 percent growth in data and internet services revenue in the first quarter of 2007, compared to the first quarter of 2006.

First quarter 2007 other operating expenses were \$186.5 million, as compared to \$184.6 million in the first quarter of 2006. Excluding the expense increase due to the acquisition, the company's other operating expenses for the first quarter of 2007 decreased by approximately \$8.2 million or 4.4 percent, as compared to the first quarter of 2006 primarily driven by reductions in employees and improved expense control in benefit costs.

Depreciation and amortization expense for the first quarter of 2007 was \$122.2 million, as compared to \$122.0 million in the first quarter of 2006. Depreciation and amortization expense for the first quarter of 2007, excluding the impact of the acquisition, decreased \$6.7 million or 5.5 percent as compared to the first quarter of 2006. The decrease is primarily due to a declining net asset base.

The Company added approximately 70,800 high-speed internet customers during the quarter reflecting 20,300 from the base Citizens property and 50,500 from the acquired Commonwealth property, and had more than 464,000 high-speed data subscribers at March 31, 2007.

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Operating income for the first quarter of 2007 was \$193.3 million and operating income margin was 34.8 percent, compared to \$157.3 million and 31.0 percent in the first quarter of 2006. Capital expenditures were \$45.1 million for the first quarter of 2007, including \$4.3 million related to the acquired property.

Free cash flow for the first quarter was \$187.6 million. The company's dividend represents a payout of 46 percent of free cash flow for the first quarter.

During the first quarter, the Company repurchased 823,000 shares of its common stock for \$12.0 million.

"We are off to a good start with strong first quarter results. Product revenue growth coupled with disciplined expense control generated a 56.7% operating cash flow margin and our focus on the customer drove penetration levels for all voice, data and video product bundles," said Maggie Wilderotter, Chairman and CEO of Citizens. "We are very excited about completing the Commonwealth acquisition and full integration of these Pennsylvania properties is now underway."

#### Outlook

As a result of the favorable settlement dispute and the successful closing of the merger transaction with Commonwealth Telephone Enterprises on March 8, 2007, the Company is revising its 2007 guidance. We now expect to spend between \$315 million and \$325 million in capital expenditures in 2007. Free cash flow for 2007 is now estimated to be between \$500 million and \$520 million.

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 Commonwealth's operations and to realize the synergies from the acquisition; our ability to effectively manage our operations, costs and capital spending; 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; changes in the number of our revenue generating units; general and local economic and employment conditions; the effects of ongoing changes in the regulation of the communications industry; overall changes in the telecommunications market; and greater than anticipated competition from wireless or wireline carriers. 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>	<b>For the quarter ended</b>		<b>%</b>
	<b>March 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Income Statement Data</b>			
Revenue	\$ 556,147	\$ 506,861	10%
Network access expenses	50,793	40,218	26%
Other operating expenses	186,464	184,624	1%
Stock based compensation	3,407	2,677	27%
Depreciation and amortization	122,181	122,004	0%
Operating income	193,302	157,338	23%
Investment and other income (loss), net	10,017	(1,351)	NM
Interest expense	93,964	85,393	10%
Income tax expense	41,688	26,607	57%
Income from discontinued operations, net of tax	-	6,496	NM
Net income attributable to common shareholders	67,667	50,483	34%
Weighted average shares outstanding	326,542	327,132	0%
Basic net income per share attributable to common shareholders <sup>(2)</sup>	\$ 0.21	\$ 0.15	40%
<b>Other Financial Data</b>			
Capital expenditures	\$ 45,111	\$ 43,765	3%
Free cash flow <sup>(3)</sup>	187,555	163,296	15%
Dividends paid	85,462	82,633	3%
Dividend payout ratio <sup>(4)</sup>	46%	51%	-10%

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises (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.

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

<i>(Amounts in thousands, except operating data)</i>	For the quarter ended March 31,		%
	2007	2006	
<b>TELECOMMUNICATIONS</b>			
<b>Select Income Statement Data</b>			
<b>Revenue</b>			
Local services	\$ 206,043	\$ 203,566	1%
Data and internet services	116,425	100,089	16%
Access services	139,024	111,237	25%
Long distance services	40,428	39,158	3%
Directory services	28,670	28,797	0%
Other	25,557	24,014	6%
<b>Total revenue</b>	<b>556,147</b>	<b>506,861</b>	<b>10%</b>
<b>Expenses</b>			
Network access expenses	50,793	40,218	26%
Other operating expenses	186,464	184,624	1%
Stock based compensation	3,407	2,677	27%
Depreciation and amortization	122,181	122,004	0%
<b>Total expenses</b>	<b>362,845</b>	<b>349,523</b>	<b>4%</b>
<b>Operating Income</b>	<b>\$ 193,302</b>	<b>\$ 157,338</b>	<b>23%</b>
<b>Other Financial and Operating Data</b>			
Access lines	2,538,471	2,213,731	15%
High-speed internet subscribers	464,055	341,452	36%
Wireline bundle subscribers	579,506	462,661	25%
Switched access minutes of use (in millions)	2,438	2,654	-8%
Average monthly revenue per average access line <sup>(2)</sup>	\$ 84.38	\$ 75.90	11%

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

<sup>(2)</sup> For the quarter ended March 31, 2007, the calculation excludes CTE data and includes the \$38.7 million favorable impact from the settlement of a switched access dispute. The amount is \$78.29 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) March 31, 2007	December 31, 2006
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 1,037,729	\$ 1,041,106
Accounts receivable and other current assets	279,496	231,887
Total current assets	1,317,225	1,272,993
Property, plant and equipment, net	3,329,687	2,983,504
Other long-term assets	3,582,405	2,534,708
Total assets	\$ 8,229,317	\$ 6,791,205
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current liabilities:		
Long-term debt due within one year	\$ 569,848	\$ 39,271
Accounts payable and other current liabilities	423,656	386,372
Total current liabilities	993,504	425,643
Deferred income taxes and other liabilities	1,164,223	846,775
Long-term debt	4,755,148	4,460,755
Shareholders' equity	1,316,442	1,058,032
Total liabilities and shareholders' equity	\$ 8,229,317	\$ 6,791,205

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises (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 three months ended March 31,	
	2007	2006
Cash flows provided by (used in) operating activities:		
Net income	\$ 67,667	\$ 50,483
Deduct: Income from discontinued operations	-	(6,496)
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation and amortization expense	122,181	122,004
Stock based compensation	3,407	2,677
Other	(21,994)	(4,055)
Net cash provided by continuing operating activities	171,261	164,613
Cash flows from investing activities:		
Capital expenditures	(45,111)	(43,765)
Cash paid for Commonwealth acquisition, net	(649,507)	-
Other assets (purchased) distributions received, net	571	324
Net cash used by investing activities	(694,047)	(43,441)
Cash flows from financing activities:		
Long-term debt borrowings	950,000	-
Financing costs paid	(9,815)	-
Long-term debt payments	(327,815)	(240)
Issuance of common stock	5,119	9,452
Dividends paid	(85,462)	(82,633)
Common stock repurchased	(12,016)	(37,916)
Other	(602)	(473)
Net cash used by financing activities	519,409	(111,810)
Cash flows of discontinued operations:		
Operating activities	-	8,580
Investing activities	-	(2,422)
Financing activities	-	-
Net cash provided by discontinued operations	-	6,158
(Decrease) Increase in cash and cash equivalents	(3,377)	15,520
Cash and cash equivalents at January 1,	1,041,106	268,917
Cash and cash equivalents at March 31,	\$ 1,037,729	\$ 284,437
Cash paid during the period for:		
Interest	\$ 97,416	\$ 95,079
Income taxes (refunds)	\$ 6,786	\$ (133)

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises (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 March 31,	
	2007	2006
<i>Net Income to Free Cash Flow ;</i>		
<i>Net Cash Provided by Operating Activities</i>		
Net income	\$ 67,667	\$ 50,483
<i>Add back:</i>		
Depreciation and amortization	122,181	122,004
Income tax expense	41,688	26,607
Stock based compensation	3,407	2,677
<i>Subtract:</i>		
Cash paid (refunded) for income taxes	6,786	(133)
Investment and other income (loss), net of interest income	(4,509)	(5,157)
Capital expenditures	45,111	43,765
<b>Free cash flow</b>	<b>187,555</b>	<b>163,296</b>
<i>Add back:</i>		
Deferred income taxes	23,614	24,163
Non-cash (gains)/losses, net	6,389	7,039
Investment and other income (loss), net of interest income	(4,509)	(5,157)
Cash paid (refunded) for income taxes	6,786	(133)
Capital expenditures	45,111	43,765
<i>Subtract:</i>		
Changes in current assets and liabilities	48,590	32,580
Income tax expense	41,688	26,607
Stock based compensation	3,407	2,677
Income from discontinued operations	-	6,496
<b>Net cash provided by operating activities</b>	<b>\$ 171,261</b>	<b>\$ 164,613</b>

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises (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 March 31,	
	<u>2007</u>	<u>2006</u>
<u>Operating Cash Flow and</u>		
<u>Operating Cash Flow Margin</u>		
Operating Income	\$ 193,302	\$ 157,338
<i>Add back:</i>		
Depreciation and amortization	<u>122,181</u>	<u>122,004</u>
Operating cash flow	<u>\$ 315,483</u>	<u>\$ 279,342</u>
Revenue	<u>\$ 556,147</u>	<u>\$ 506,861</u>
Operating income margin (Operating income divided by revenue)	<u>34.8%</u>	<u>31.0%</u>
Operating cash flow margin (Operating cash flow divided by revenue)	<u>56.7%</u>	<u>55.1%</u>

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises (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 March 31, 2007			For the Quarter Ended March 31, 2006	%
	As Reported	CTE <sup>(1)</sup> (for 23 days)	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	\$ 206,043	\$ 8,674	\$ 197,369	\$ 203,566	-3%
Data and internet services	116,425	2,556	113,869	100,089	14%
Access services	139,024	5,695	133,329	111,237	20%
Long distance services	40,428	2,047	38,381	39,158	-2%
Directory services	28,670	68	28,602	28,797	-1%
Other	25,557	1,626	23,931	24,014	0%
<b>Total revenue</b>	<u>556,147</u>	<u>20,666</u>	<u>535,481</u>	<u>506,861</u>	6%
<b>Expenses</b>					
Network access expenses	50,793	3,849	46,944	40,218	17%
Other operating expenses	186,464	10,004	176,460	184,624	-4%
Stock based compensation	3,407	-	3,407	2,677	27%
Depreciation and amortization	122,181	6,899 <sup>(2)</sup>	115,282	122,004	-6%
<b>Total expenses</b>	<u>362,845</u>	<u>20,752</u>	<u>342,093</u>	<u>349,523</u>	-2%
<b>Operating Income</b>	<u>\$ 193,302</u>	<u>\$ (86)</u>	<u>\$ 193,388</u>	<u>\$ 157,338</u>	23%
<b>Other Financial and Operating Data</b>					
Capital expenditures	\$ 45,111	\$ 4,285	\$ 40,826	\$ 43,765	-7%
Access lines	2,538,471	434,577	2,103,894	2,213,731	-5%
High-speed internet subscribers	464,055	50,537	413,518	341,452	21%
Wireline bundle subscribers	579,506	37,620	541,886	462,661	17%
Switched access minutes of use (in millions)	N/A	N/A	2,438	2,654	-8%
Average monthly revenue per average access line <sup>(3)</sup>	N/A	N/A	\$ 84.38	\$ 75.90	11%

<sup>(1)</sup> On March 8, 2007, we acquired Commonwealth Telephone Enterprises (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 \$3,939 for the 23 days of March regarding the customer base acquired in the Commonwealth acquisition.

<sup>(3)</sup> For the quarter ended March 31, 2007, the calculation includes the \$38.7 million favorable impact from the settlement of a switched access dispute. The amount is \$78.29 without the \$38.7 million favorable impact from the settlement.