Exhibit

STANDARD
&POOR'S

FULL ANALYSIS

Corporate Credit Rating

BB+/Negative/NR

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Citizens Communications Co.

Major Rating Factors

Strengths:

- Well-positioned, incumbent local exchange carrier business;
- Less competitive nature of a majority of the company's markets;
- Growth in high-speed data services; and
- Healthy margins and free cash flow generation.

Weaknesses:

Shareholder-oriented financial policy;

- Increasing competition from cable telephony and wireless substitution;
- Integration risk associated with the Commonwealth Telephone Enterprises acquisition;
- Longer-term risk of regulatory support; and
- Lack of a facilities-based video strategy.

Rationale

The ratings on Stamford, Conn.-based Citizens Communications Co. reflect a shareholder-oriented financial policy with an aggressive dividend payout and share repurchases and a heightened business risk profile resulting from rising competition from cable telephony and wireless substitution, which has caused access-line losses. The ratings also reflect the company's integration risk from the acquisition of Commonwealth Telephone Enterprises (CTE) and longer-term risk of regulatory support. Citizens also lacks a facilities-based video strategy to help combat the triple play bundle that some cable operators offer. Tempering factors include Citizens' solid position as an incumbent local exchange carrier with relatively stable and high margins, primarily in less-competitive rural areas; growth in high-speed data services; and healthy discretionary cash flow generation.

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Wireless substitution and cable telephony competition continue to pressure Citizens' customer base. Access-line losses seem to have stabilized at about 5% as the company has stepped up efforts to retain customers, including signing customers to contracts and improving customer service. Nevertheless, Standard & Poor's Ratings Services believes Citizens likely will face greater competition as cable operators continue to deploy less-expensive Internet Protocol (IP) telephony service in rural markets.

Citizens recently closed on its purchase of CTE, which reduces reliance on the highly competitive Rochester, N.Y., market. The acquisition also allows for modest operational improvements in branding and sales amid relatively low penetration of bundled services and weaker average revenue per user (ARPU) in CTE's markets, despite its already healthy margins, in the high-50% area. CTE also operates a competitive local exchange carrier (CLEC) business, which generates solid EBITDA margins of about 30% and accounts for about 25% of its access-line base. The CLEC business competes against Verizon Communications Inc. and is subject to significant competition.

Total debt to EBITDA of about 3.7x is at the high end of the rating category. In the absence of additional debt-financed acquisitions, leverage should improve modestly in 2007. Excluding a month of CTE results and a one-time settlement related to a switched access dispute, Citizens' revenue declined 2% year over year during the first quarter of 2007 because of access-line losses and lower network access revenue. Annual operating synergies from the CTE acquisition are about $30 million, most of which will come from headcount reductions. The company's EBITDA margin was about 54% during the quarter and should remain in the low-to-mid 50% area in the foreseeable future.

Liquidity

Citizens' liquidity is solid, consisting of about $1 billion in cash and $250 million from an undrawn unsecured revolving bank loan maturing in 2009, as of March 31, 2007, although the company used much of the cash balance to fund the CTE acquisition. Capex requirements will be about $315 million-$325 million in 2007, resulting in free operating cash flow of about $500 million. However, more than two-thirds of this will be consumed by the dividend. Rising competitive pressure could weigh on operating cash flow and reduce the company's liquidity cushion. Citizens has adequate headroom relative to the bank facility's maximum covenant of debt to EBITDA (net of cash in excess of $50 million), which is 4.5x through the term of the agreement.

Debt maturities are manageable, including about $1.25 billion due in 2011. The company had about $158.5 million of pretax unfunded pension and other postretirement benefit obligations as of Dec. 31, 2006. We view these obligations as debt-like, although they have a negligible effect on credit measures.

Outlook

The outlook is negative. Although we expect revenue and EBITDA to decline gradually as digital subscriber line (DSL) growth matures and the company continues to lose access lines, Citizens should generate modest discretionary cash flow after dividends. If competition from cable telephony increases more than expected, resulting in reduced cash flow generation and difficulty maintaining leverage in the 3.5x area, we could lower the ratings. Also, a more aggressive shareholder friendly financial policy could prompt us to lower the ratings. Conversely, if Citizens can reduce the rate of access-line erosion, increase revenue from bundled service offerings, successfully integrate CTE, and maintain healthy levels of discretionary cash flow, we could revise the outlook to stable.

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Business Description

Citizens is an incumbent local exchange carrier with about 2.5 million access lines, largely in rural areas. The company provides services including local access, long distance, data, and directories. About 38% of Citizens' revenue generating units (RGUs) are in New York state, and roughly half of those are in the Rochester market. The remaining lines are dispersed in 23 states. Excluding Rochester, most revenue comes from residential customers. Approximately 8% of revenue comes from federal and state subsidies and regulated access charges. As of March 31, 2007, the company had about 464,000 DSL customers.

Business Risk Profile: Wireless And Cable Competition Takes A Toll

Rural local telecommunications providers historically have had a near-monopoly business position with limited competition and high barriers to entry. However, over the past couple of years, these companies have faced increasing competition from wireless substitution, and more recently, cable telephony. As a result, access-line losses for Citizens have accelerated to about 5% from 2% in prior years. We expect this trend to continue over the next few years. Revenue from core local and network access services is declining gradually, although this is offset partially by growth in high-speed data services.

Citizens also has a moderately high degree of revenue concentration in Rochester, which accounts for roughly 18% of its access lines pro forma for the CTE acquisition. That market has become more competitive because of Time Warner Cable's telephony service, which allows the company to bundle voice, video, and high-speed data services.

As high-cost providers, companies such as Citizens benefit from regulatory support in the form of universal service fund (USF) subsidies and implied subsidies from regulated long-distance access revenue. These subsidies are important contributors to profit margins because they have few associated costs. Subsidies revenue increased 7% in 2006 because of increased receipts from federal and state funds. However, we expect this revenue to decline over the next few years given the larger number of wireless and other telecom providers filing for USF support, as well as increasing nationwide average loop costs.

Citizens' largely residential customer base in smaller markets contribute to good revenue and cash flow stability. Less competition in the company's markets results in annual line losses that are modestly lower than the roughly 6%-7% rate that companies in more densely populated areas experience. Larger market operators face stronger competition from cable companies deploying Internet Protocol (IP) telephony services and wireless carriers. Additionally, Citizens has been able to partially offset line losses by increasing penetration of its DSL service.

Citizens is responding to the competition by bundling local, long-distance, and high-speed data services. As part of the bundle, the company is reselling Echostar Communications Corp.'s satellite TV service and has signed up more than 63,000 customers. However, Citizens lacks a facilities-based video product and does not have immediate plans to trial a proprietary video service given the relatively high costs for customer premise equipment. Still, the company has been successful in growing its penetration of bundled services to 26% in the first quarter of 2007, from 21% a year earlier, excluding the CTE markets. DSL growth remains solid and penetration is about 25%, allowing the company to mitigate access line erosion. Nevertheless, we expect modest revenue declines as DSL penetration peaks and cable telephony exposure grows.

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Profitability

Excluding a month of CTE results and a onetime settlement related to a switched access dispute, Citizens' revenue declined 2% largely because of access-line losses from wireless substitution and cable telephony, which overlaps with about 60% of Citizens' markets. The company's EBITDA margins in the low-to-mid 50% area are comparable to its peers, but could weaken in the longer term because of lost telephony customers and lower federal and state subsidies.

Financial Risk Profile: A Relatively High Tolerance For Debt

Citizens' financial risk profile is aggressive. The company historically has been an active acquirer with a relatively high debt tolerance. In the first half of 2004, Citizens evaluated strategic alternatives, which resulted in an aggressive dividend policy and a shift to a more shareholder oriented financial policy. In September 2006, the company signed a definitive agreement to acquire CTE, which resulted in modestly higher leverage of about 3.7x.

Cash flow adequacy

Cash flow coverage measures remain adequate for the rating given Citizens' business risk profile. Adjusted FFO to total debt has remained at 15%-20% in the past three years, while EBITDA coverage of interest was steady at 3.0x-3.3x. Ongoing cost initiatives have resulted in healthy free operating cash flow of about $560 million in 2005 and 2006.

Capital structure/Asset protection

Citizens' debt to EBITDA is somewhat high for the rating at about 3.7x. The ratio has declined gradually to the low 3x area over the past two years because of debt repayment, but it increased again as a result of the CTE acquisition. We do not expect any meaningful improvement in Citizens' credit measures over the next couple of years.

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Table 1

Citizens Communications Co.—Peer Comparison (cont.'d)

Industry Sector: Telecommunications

	Citizens Communications Co.	CenturyTel Inc.	Cincinnati Bell Inc.	Embarq Corp.	Windstream Corp.
Rating	BB+/Negative/—	BBB/Negative/A-3	B+/Negative/—	BBB-/Negative/—	BB+/Negative/—
	—12 months ended March 31, 2007—				
(Mil. $)					
Revenues	2,036.0	2,436.6	1,287.2	6,357.0	3,114.0
EBITDA	1,137.1	1,227.6	507.3	2,752.3	1,540.3
Net income from cont. oper.	277.7	378.6	94.8	730.0	432.7
Funds from oper. (FFO)	863.6	858.4	311.2	1,866.8	1,095.5
Cash flow from oper.	857.7	922.8	338.3	1,955.8	1,091.6
Capital expenditures	270.2	302.9	187.5	985.1	453.9
Free oper. cash flow	587.6	620.0	150.8	970.7	637.7
Discretionary cash flow	261.1	583.5	140.4	816.7	(1,892.0)

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Table 1

Citizens Communications Co.—Peer Comparison (cont.'d)

Cash and equivalents	1,037.7	763.7	45.9	46.0	397.6
Debt	5,479.3	3,504.3	2,399.1	6,569.9	5,702.0
Preferred stock	0.0	7.5	129.4	0.0	0.0
Common equity	1,316.4	3,119.8	(902.5)	(331.0)	460.1
Total capital	6,795.8	6,631.6	1,626.0	6,238.9	6,162.1
Ratios					
EBITDA/revenues (%)	55.8	50.4	39.4	43.3	49.5
Oper. income/revenues (%)*	56.2	50.1	39.5	42.8	49.7
EBIT interest coverage (x)*	2.0	3.6	2.0	3.9	3.4
EBITDA interest coverage (x)	3.3	6.1	2.8	6.5	4.8
Return on capital (%)	10.3	11.4	22.9	22.0	19.1
FFO/debt (%)*	15.8	24.5	13.0	28.4	19.2
Cash flow from oper./debt (%)	15.7	26.3	14.1	29.8	19.1
Free oper. cash flow/debt (%)	10.7	17.7	6.3	14.8	11.2
Disc. cash flow/debt (%)	4.8	16.7	5.9	12.4	(33.2)
Disc. cash flow/EBITDA (%)	23.0	47.5	27.7	29.7	(122.8)
Debt/EBITDA (x)	4.8	2.9	4.7	2.4	3.7
Debt/capital (%)*	80.6	52.8	147.5	105.3	92.5

*Fully adjusted (including postretirement obligations).

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Table 2

Citizens Communications Co.—Financial Summary (cont.'d)

Industry Sector: Telecommunications

	—Fiscal year ended December 31—				
Rating history	***2006***	***2005***	***2004***	***2003***	***2002***
	BB+/Negative/—	BB+/Negative/—	BB+/Negative/—	BBB/Watch Neg/—	BBB/Negative/A-2
(Mil. $)					
Revenues	2025.4	2017.0	2022.4	2444.9	2669.3
EBITDA	1141.8	1074.4	1158.4	1198.7	1205.0
Net income from cont. oper.	254.0	187.9	57.1	122.1	(823.0)
Funds from oper. (FFO)	838.9	860.2	766.3	774.5	714.8
Cash flow from oper.	849.0	837.1	707.3	750.5	656.3
Capital expenditures	266.7	259.7	275.3	275.0	474.4
Free oper. cash flow	582.3	577.3	432.0	475.4	181.8
Discretionary cash flow	258.6	239.0	(400.8)	474.4	181.8
Cash and equivalents	1041.1	263.7	167.5	583.7	393.2

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Table 2

Citizens Communications Co.—Financial Summary (cont.'d)					
Debt	4654.4	4439.4	4508.6	5180.6	5968.1
Preferred stock	0.0	0.0	0.0	0.0	0.0
Common equity	1058.0	1039.7	1323.2	1367.6	1114.8
Total capital	5712.4	5479.1	5831.9	6548.2	7083.0
Ratios					
EBITDA/revenues (%)	56.4	53.3	57.3	49.0	45.1
Oper. income/revenues (%)*	56.5	53.6	55.7	49.7	45.8
EBIT interest coverage (x)*	2.1	1.6	1.4	1.5	1.0
EBITDA interest coverage (x)	3.3	3.1	3.0	2.7	2.4
Return on capital (%)	12.3	9.4	8.3	9.3	6.0
FFO/debt (%)*	18.0	19.4	17.0	15.0	12.0
Cash flow from oper./debt (%)	18.2	18.9	15.7	14.5	11.0
Free oper. cash flow/debt (%)	12.5	13.0	9.6	9.2	3.0
Disc. cash flow/debt (%)	5.6	5.4	(8.9)	9.2	3.0
Disc. cash flow/EBITDA (%)	22.6	22.2	(34.6)	39.6	15.1
Debt/EBITDA (x)	4.1	4.1	3.9	4.3	5.0
Debt/capital (%)*	81.5	81.0	77.3	79.1	84.3

*Fully adjusted (including postretirement obligations).

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Table 3

Reconciliation Of Citizens Communications Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.'d)

—12 months ended March 31, 2007—

	Debt	Shareholders' equity	Revenues	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expens e	Cash flow from operation s	Funds from operation s	Capital expenditure s
Citizens Communications Co. reported amounts										
Reported	5,325.0	1,316.4	2,036.0	1,120.8	1,120.8	644.1	345.0	835.8	841.7	270.2
Standard & Poor's adjustments										
Operating leases	51.3	—	—	17.4	4.6	4.6	4.6	12.8	12.8	—
Postretirement benefit obligations	103.1	—	—	5.9	5.9	5.9	—	9.1	9.1	—
Additional items included in debt	—	—	—	—	—	—	—	—	—	—
Surplus cash and near-cash investments	—	—	—	—	—	—	—	—	—	—
Capitalized interest	—	—	—	—	—	—	—	—	—	—

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Table 3

Reconciliation Of Citizens Communications Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.'d)

—12 months ended March 31, 2007—

	Debt	Shareholders' equity	Revenues	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Share-based compensation expense	—	—	—	—	5.8	—	—	—	—	—
Asset retirement obligations	—	—	—	—	—	—	—	—	—	—
Exploration costs	—	—	—	—	—	—	—	—	—	—
Reclassification of nonoperating income (expense)	—	—	—	—	—	30.0	—	—	—	—
Reclassification of interest, dividend, and tax cash flow	—	—	—	—	—	—	—	—	—	—
Reclassification of working-capital cash flow changes	—		—	—	—	—	—	—	5.9	—
Other	—	—	—	—	—	—	—	—	—	—
Standard & Poor's total adjustments	154.3	—	—	23.4	16.3	40.6	4.6	21.9	27.8	—
	Debt	**Equity**	**Revenues**	**Operating income (before D&A)**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Capital expenditures**
Standard & Poor's adjusted amounts										
Adjusted	5,479.3	1,316.4	2,036.0	1,144.2	1,137.1	684.7	349.6	857.7	863.6	270.2

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Table 3

Reconciliation Of Citizens Communications Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.'d)

	—12 months ended March 31, 2007—									
	Debt	Shareholders' equity	Revenues	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures

*Citizens Communications Co. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A, and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

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Ratings Detail (As Of 23-Jul-2007)* (cont.'d)

Citizens Communications Co.	
Corporate Credit Rating	BB+/Negative/NR
Senior Unsecured	
Local Currency	BB+
Corporate Credit Ratings History	
14-Nov-2006	BB+/Negative/NR
18-Sep-2006	BB+/Watch Neg/NR
31-Aug-2005	BB+/Negative/NR
27-May-2005	BB+/Watch Neg/NR
21-Jul-2004	BB+/Negative/NR
11-Dec-2003	BBB/Watch Neg/NR
02-Dec-2003	BBB/Stable/NR
08-Sep-2003	BBB/Negative/NR

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Ratings Detail (As Of 23-Jul-2007) (cont.'d)*	
Business Risk Profile	Satisfactory
Financial Risk Profile	Aggressive

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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