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CONSOLIDATED COMMUNICATIONS ANNOUNCES COMBINED THIRD QUARTER 2004 FINANCIAL AND OPERATING RESULTS

MATTOON, Illinois – November 11, 2004 – Consolidated Communications Illinois Holdings, Inc. (“Illinois Holdings”, and together with its consolidated subsidiaries, collectively “CCI-Illinois”) and Consolidated Communications Texas Holdings, Inc. (“Texas Holdings”, and together with its consolidated subsidiaries, collectively “CCI-Texas”) today announced financial and operational results for the third quarter of 2004. These financial results present the combined results of CCI-Illinois and of CCI-Texas.

Combined Third Quarter Financial and Operational Results

For the third quarter, CCI-Illinois and CCI-Texas reported combined consolidated revenues of \$84.4 million and EBITDA (defined as earnings, or net income, before net interest expense, other net non-operating income, income taxes, depreciation and amortization) of \$33.4 million. The combined consolidated revenues included \$4.6 million in prior period subsidy settlements. The third quarter combined EBITDA included \$1.2 million in expenses related to systems and process work required for the integration of CCI-Illinois and CCI-Texas.

Due to the 15.3% growth in DSL subscribers during the quarter, total connections (defined as local access lines and DSL lines) increased by 1,782, or 0.6%, to 282,111 at September 30, 2004 from 280,329 at the end of the second quarter. DSL connections ended the quarter at 24,385 lines as DSL penetration improved to 8.6% of total local access lines. Business access lines grew modestly during the quarter and totaled 86,793 at September 30, 2004. Residential access lines decreased 0.9% during the quarter and totaled 170,933 at September 30, 2004.

The combined CCI-Illinois and CCI-Texas balance sheets reflect a cash position of \$55.2 million at September 30, 2004. For the third quarter, combined capital expenditures totaled \$7.5 million.

CCI-Illinois Segment Reporting

CCI-Illinois has two operating segments, Illinois Telephone Operations and Other Illinois Operations. Illinois Telephone Operations includes its rural telephone company, or RLEC, operations and non-regulated network services company that provides long distance services and private line and data services products. Other Illinois Operations includes various complementary telecommunications businesses, such as local and long distance service and automated collect calling from county jails and state prisons in Illinois, live and automated operator assistance and national directory assistance, telemarketing and order fulfillment services, telecommunications equipment sales and one-way messaging. CCI-Texas has one operating segment, which consists of its two RLEC operations, a network transport business and directory publishing operations.

CCI-Illinois Third Quarter Financial and Operational Results

CCI-Illinois' consolidated operating revenues increased 3.0%, or \$1.0 million, to \$34.7 million in the third quarter of 2004 from \$33.7 million in the third quarter of 2003. Illinois Telephone Operations' operating revenues increased 13.3%, or \$3.0 million, to \$25.6 million in the third quarter of 2004 from \$22.6 million in the third quarter of 2003. The increase in Illinois Telephone Operations' operating revenues was primarily attributable to increased subsidy revenue of \$3.4 million, increased long distance revenue of \$0.6 million and increased revenues from DSL sales. The increase in subsidy revenue was due primarily to prior period settlements of \$2.0 million that were recognized in the third quarter. Other Illinois Operations' operating revenues decreased 18.0%, or \$2.0 million, to \$9.1 million in the third quarter of 2004 from \$11.1 million in the third quarter of 2003. The decrease in Other Illinois Operations' operating revenue was primarily the result of a reduction in telemarketing and fulfillment revenue a decline in operator services traffic, and weakness in telecommunications equipment business sales.

CCI-Illinois' net income decreased \$0.6 million to \$0.7 million in the third quarter of 2004 from net income of \$1.3 million in the third quarter of 2003. The majority of the decrease in net income was due to the increase in interest expense of \$1.2 million, or 40.0%, to \$4.2 million during the third quarter of 2004 compared to \$3.0 million in the same period in 2003. Interest expense was higher due to the additional debt levels incurred as a result of the financing of the acquisition of TXU Communications Ventures Company ("TXUCV") and its subsidiaries (now collectively known as CCI-Texas) and the re-financing of its old credit facility. As a result of the new capital structure, CCI-Illinois incurred additional cash interest expense and increased amortization of debt issuance costs.

CCI-Illinois' third quarter 2004 EBITDA of \$11.0 million was consistent with third quarter 2003 EBITDA. Illinois Telephone Operations' EBITDA increased 17.2%, or \$1.5 million, to \$10.2 million in the third quarter of 2004 from \$8.7 million in the third quarter of 2003. Third quarter EBITDA included \$2.0 million in prior period subsidy settlements and \$0.5 million in expenses related to the integration of CCI-Illinois and CCI-Texas. Other Illinois Operations' EBITDA decreased 52.2%, or \$1.2 million to \$1.1 million in the third quarter of 2004 from \$2.3 million in the third quarter of 2003. Decreases in telemarketing margins,

telecommunications equipment business sales and operator services revenue led to the EBITDA decline.

	CCI-Illinois	
	Three months ended September 30, 2004	Three months ended September 30, 2003
	(In thousands)	
EBITDA calculation		
Net income	\$ 746	\$ 1,325
Interest expense, net	4,026	2,978
Other income, net	(34)	(17)
Income tax expense (benefit)	498	955
Depreciation and amortization	5,728	5,797
EBITDA	<u>\$ 10,964</u>	<u>\$ 11,038</u>
EBITDA reconciliation		
Cash flows from operating activities	\$ 9,512	\$ 7,182
Deferred income taxes, postretirement		
Benefits and other deferred credits	(3,483)	(17)
Change in net working capital	411	(60)
Interest expense, net	4,026	2,978
Income tax expense (benefit)	498	955
EBITDA	<u>\$ 10,964</u>	<u>\$ 11,038</u>

As of September 30, 2004, Illinois Telephone Operations had approximately 88,254 local access lines and 10,109 DSL connections in service. Local access lines decreased 0.9% in the third quarter of 2004. DSL connections increased approximately 12.0% during the period.

CCI-Illinois had approximately \$18.7 million in cash and cash equivalents at September 30, 2004. Capital expenditures totaled \$2.8 million for the third quarter.

CCI-Texas Third Quarter Financial and Operational Results

CCI-Texas' consolidated operating revenues increased 1.6%, or \$0.8 million, to \$49.7 million in the third quarter of 2004 from \$48.9 million in the third quarter of 2003. The increase was attributable to a \$1.0 million increase in recurring subsidy revenue, along with increases of \$0.9 million in network access service revenue and \$0.4 million in local calling revenue driven by increased service bundle sales. These increases were partially offset by a \$0.7 million decline in long distance revenue, a \$0.6 million decline in data and internet services driven by a decrease in dial-up internet subscribers and a decline in other service revenue.

CCI-Texas' net income decreased \$1.3 million, or 27.7% to \$3.4 million in the third quarter of 2004 from net income of \$4.7 million in the third quarter 2003. The revenue increases, along with a \$2.3 million decrease in cost of service expense, a \$2.9 million decrease in selling, general & administrative expense and a \$0.6 million increase in partnership income, were offset by a \$3.3 million increase in depreciation expense and a \$6.1 million increase in interest expense. The increase in depreciation expense is primarily attributable to the recently completed valuation and allocation study of the purchase price paid by Homebase

Acquisition, LLC, the parent company of Illinois Holdings and Texas Holdings, (“Homebase”) to acquire the capital stock of TXUCV. The increase in interest expense is the result of increased amortization of debt issuance costs and an increase in cash interest expense as the result of the financing of the TXUCV acquisition.

CCI-Texas’ third quarter EBITDA of \$22.5 million included \$2.6 million in prior period subsidy settlements and \$0.7 million in expenses related to the integration of CCI-Illinois and CCI-Texas.

	CCI-Texas	
	Three months ended September 30, 2004	Three months ended September 30, 2003
	(In thousands)	
	CCI-Texas	Predecessor to CCI-Texas
EBITDA calculation		
Net income	\$ 3,396	\$ 4,655
Interest expense, net	7,444	1,334
Other income, net of minority interest	(1,293)	(449)
Income tax expense (benefit)	1,689	2,888
Depreciation and amortization	11,214	7,960
EBITDA	<u>\$ 22,450</u>	<u>\$ 16,388</u>
EBITDA reconciliation		
Cash flows from operating activities	\$ 18,272	\$ 22,228
Deferred income taxes, postretirement		
Benefits and other deferred credits	(5,383)	(1,114)
Change in net working capital	428	(8,948)
Interest expense, net	7,444	1,334
Income tax expense (benefit)	1,689	2,888
EBITDA	<u>\$ 22,450</u>	<u>\$ 16,388</u>

As of September 30, 2004, CCI-Texas had approximately 169,472 local access lines and 14,276 DSL connections in service. For the third quarter of 2004, residential lines were down 0.9% while business access lines increased by 0.7%. CCI-Texas increased DSL connections 17.7% for the quarter by adding 2,146 new DSL connections.

CCI-Texas had approximately \$36.5 million in cash and cash equivalents at September 30, 2004. Capital expenditures totaled \$4.7 million for the third quarter.

Recent Developments

On October 22, 2004, we amended and restated our credit facility to, among other things, convert all borrowings outstanding under the term loan B facility into approximately \$314.0 million of aggregate borrowings under a new term loan C facility. The term loan C facility is substantially identical to the term loan B facility, except that the applicable margin for borrowings under the term loan C facility through April 1, 2005 is 1.50% with respect to the base rate loans and 2.50% with respect to the LIBOR loans. Thereafter, provided certain credit ratings are maintained, the applicable margin for borrowings under the term loan C facility

will be 1.25% with respect to the base rate loans and 2.25% with respect to LIBOR loans. The applicable margin for the borrowings under the term B loan facility was 1.75% with respect to the base rate loans and 2.75% with respect to the LIBOR loans.

On November 4, 2004, CCI-Texas reached an agreement on a new three year collective bargaining agreement with Communications Workers of America (“CWA”), Local 6218. The agreement has been ratified by the CWA’s members and is awaiting signature.

Progress continues on integrating CCI-Texas’ and CCI-Illinois’ operations. Projects already completed include corporate name changes, common advertising and branding, operating on a common Internet platform. Additional projects are ongoing, including integrating systems for billing, financial reporting, supply chain and human resources. We currently have over 40 integration projects identified, funded and staffed, and have designated an executive sponsor for each project.

We currently expect to incur approximately \$11.2 million in costs associated with the integration process in 2004 and 2005. As of September 30, 2004, \$1.4 million and \$0.9 million have been spent on integration in Texas and Illinois, respectively. These integration costs will be in addition to certain ongoing costs we expect to incur to expand certain administrative functions, such as those relating to SEC reporting and compliance, and do not take into account other potential cost savings and expenses of the TXUCV acquisition.

Approximately \$5.2 million in severance expenses were incurred in connection with the separation of approximately 70 TXUCV employees at closing of the TXUCV acquisition. The full year impact of the cost savings of the headcount reduction is currently expected to be approximately \$8.0 million.

Use of EBITDA as an Appropriate Financial Measurement

We believe EBITDA provides meaningful additional information that enables management to monitor and evaluate its ongoing results and provides investors an understanding of operating performance over comparative periods using the same measures as used by management and is a useful indication of its ability to incur and service debt. In addition, EBITDA as defined above, is a financial measure that is as a component of certain financial covenants in CCI-Illinois’ and CCI-Texas’ existing credit agreement and indenture. EBITDA should not be construed as an alternative to net income (loss), cash flow from operations or net cash from operating or investing activities as defined by generally accepted accounting principles (“GAAP”) and is not necessarily indicative of cash available to fund or cash flow or liquidity needs as determined in accordance with GAAP. This press release includes tables that set forth the calculation of EBITDA and the reconciliation of EBITDA to cash flow from operating activities, which management believes is the most nearly equivalent GAAP measure.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements reflect, among other things, management's current expectations, plans and strategies, and anticipated financial results, all of which are subject to known and unknown risks, uncertainties and factors that may cause its actual results to differ materially from those expressed or implied by these forward-looking statements. Many of these risks are beyond our ability to control or predict. Our results of operations and the forward-looking statements are subject to risks, uncertainties and assumptions, regarding, among other things our substantial amount of debt and need for a significant amount of cash to service and repay our debt; our ability to incur more debt, including secured debt, some or all of which may effectively rank senior to our existing debt; restrictive covenants in the agreements governing our existing debt; competition in our industry; our ability to successfully adapt to new technologies, respond effectively to customer requirements or provide new services; the acquisition of TXUCV and any other acquisitions we make; the economic conditions of our service areas in Illinois and Texas; system failures; loss of major customers and the risks of government contracts; risks associated with rights-of-way for our network; dependence on third-party vendors for our information and billing system; our ability to repurchase the shares of Homebase as required by the Second Amended and Restated Limited Liability Company Agreement of Homebase; deadlock among the board of managers; control by the equity investors in Homebase, whose interests may differ from security holders or from each other, who may decide to exit their investment in Homebase or who may themselves experience a change of control; our ability to attract and retain qualified management and other personnel; and extensive government legislation and regulations that apply to us and the telecommunications industry. Furthermore, these 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, we undertake no obligation to update any such forward-looking information, whether as a result of new information, future events or otherwise.

CCI-Texas and CCI-Illinois
Condensed Combining Balance Sheets
(Amounts in thousands, except share amounts)
(Unaudited)

	<u>September 30, 2004</u>		
	<u>CCI-Texas</u>	<u>CCI-Illinois</u>	<u>Combined</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 36,508	\$ 18,721	\$ 55,229
Accounts receivable, net	14,120	15,369	29,489
Inventories	1,119	1,601	2,720
Deferred tax asset and other charges	4,119	4,536	8,655
Prepaid expenses and other assets	<u>4,174</u>	<u>4,483</u>	<u>8,657</u>
Total current assets	60,040	44,710	104,750
Property, plant and equipment, net	253,304	96,987	350,291
Intangibles and other assets:			
Investments	35,838	18	35,856
Goodwill	242,152	99,554	341,706
Other intangibles, net	119,697	75,860	195,557
Other assets	<u>23,549</u>	<u>9</u>	<u>23,558</u>
Total assets	<u>\$ 734,580</u>	<u>\$ 317,138</u>	<u>\$ 1,051,718</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 11,156	\$ 7,206	\$ 18,362
Accounts payable	7,946	5,098	13,044
Accrued expenses	<u>28,390</u>	<u>19,115</u>	<u>47,505</u>
Total current liabilities	47,492	31,419	78,911
Long-term debt less current maturities	379,541	236,028	615,569
Deferred income taxes	93,474	1,114	94,588
Other liabilities	<u>54,347</u>	<u>13,406</u>	<u>67,753</u>
Total Liabilities	<u>574,854</u>	<u>281,967</u>	<u>856,821</u>
Minority interests	<u>2,254</u>	<u>-</u>	<u>2,254</u>
Shareholders' equity:			
Common stock, \$0 par value	-	-	-
Additional paid in capital	152,458	29,600	182,058
Retained earnings	5,446	5,853	11,299
Accumulated other comprehensive loss	<u>(432)</u>	<u>(282)</u>	<u>(714)</u>
Total shareholders' equity	<u>157,472</u>	<u>35,171</u>	<u>192,643</u>
Total liabilities and shareholders' equity	<u>\$ 734,580</u>	<u>\$ 317,138</u>	<u>\$ 1,051,718</u>

CCI-Texas and CCI-Illinois
Condensed Combining Statements of Income
(Amounts in thousands)
(Unaudited)

	<u>Three Months Ended September 30, 2004</u>			<u>Three Months Ended September 30, 2003</u>		
	<u>CCI-Texas</u>	<u>CCI-Illinois</u>	<u>Combined</u>	<u>CCI-Texas</u>	<u>CCI-Illinois</u>	<u>Combined</u>
Operating Revenues						
Local calling services	\$ 14,452	\$ 8,416	\$ 22,868	\$ 14,015	\$ 8,751	\$ 22,766
Network access services	9,939	4,166	14,105	9,047	5,539	14,586
Subsidies	12,307	5,410	17,717	11,266	2,004	13,270
Long distance services	2,634	3,656	6,290	3,354	3,105	6,459
Data and Internet services	3,574	2,848	6,422	4,161	2,168	6,329
Other services	6,820	1,074	7,894	7,015	1,063	8,078
Exited services	-	-	-	-	-	-
Other Illinois operations	-	9,109	9,109	-	11,112	11,112
Total operating revenues	<u>\$ 49,726</u>	<u>\$ 34,679</u>	<u>\$ 84,405</u>	<u>\$ 48,858</u>	<u>\$ 33,742</u>	<u>\$ 82,600</u>
Operating expenses:						
Cost of services and products	10,784	7,355	18,139	13,088	7,762	20,850
Selling, general and administrative expenses	16,492	16,360	32,852	19,382	14,942	34,324
Depreciation and amortization	11,214	5,728	16,942	7,960	5,797	13,757
Income from operations	11,236	5,236	16,472	8,428	5,241	13,669
Other income (expense):						
Interest income	43	224	267	37	-	37
Interest expense	(7,487)	(4,250)	(11,737)	(1,371)	(2,978)	(4,349)
Partnership income	1,279	-	1,279	642	-	642
Minority interest	(126)	-	(126)	(195)	-	(195)
Other, net	140	34	174	2	17	19
Earnings before income taxes	5,085	1,244	6,329	7,543	2,280	9,823
Income tax expense	1,689	498	2,187	2,888	955	3,843
Net income	<u>\$ 3,396</u>	<u>\$ 746</u>	<u>\$ 4,142</u>	<u>\$ 4,655</u>	<u>\$ 1,325</u>	<u>\$ 5,980</u>

CCI-Texas and CCI-Illinois
Condensed Combining Statements of Income
(Amounts in thousands)
(Unaudited)

	2004					2003		
	Predecessor to CCI-Texas	CCI-Texas	Combined		Combined	Predecessor to CCI-Texas	CCI-Illinois	Combined
	01/01 - 04/13	04/14 - 09/30	01/01 - 09/30	CCI-Illinois 01/01 - 09/30	01/01 -09/30	01/01 -09/30	01/01 - 09/30	01/01 -09/30
Operating Revenues								
Local calling services	\$ 16,932	\$ 26,851	\$ 43,783	\$ 25,604	\$ 69,387	\$ 41,870	\$ 25,722	\$ 67,592
Network access services	10,438	17,449	27,887	17,696	45,583	26,306	19,139	45,445
Subsidies	10,993	20,885	31,878	9,976	41,854	32,827	4,894	37,721
Long distance services	3,402	4,870	8,272	8,307	16,579	10,506	8,156	18,662
Data and Internet services	3,923	6,529	10,452	7,136	17,588	11,335	6,600	17,935
Other services	8,166	12,652	20,818	3,200	24,018	21,374	3,024	24,398
Exited services	-	-	-	-	-	5,908	-	5,908
Other Illinois operations	-	-	-	29,855	29,855	-	31,203	31,203
Total operating revenues	\$ 53,854	\$ 89,236	\$ 143,090	\$ 101,774	\$ 244,864	\$ 150,126	\$ 98,738	\$ 248,864
Operating expenses:								
Cost of services and products	15,296	21,813	37,109	22,045	59,154	42,370	22,562	64,932
Selling, general and administrative expenses	24,126	27,794	51,920	47,144	99,064	65,082	43,455	108,537
Depreciation and amortization	8,124	20,300	28,424	17,184	45,608	24,680	17,229	41,909
Income from operations	6,308	19,329	25,637	15,401	41,038	17,994	15,492	33,486
Other income (expense):								
Interest income	40	55	95	375	470	244	73	317
Prepayment penalty on extinguishment of debt	(1,914)	-	(1,914)	-	(1,914)	-	-	-
Interest expense	(1,282)	(13,232)	(14,514)	(15,290)	(29,804)	(4,496)	(9,083)	(13,579)
Partnership income	1,174	2,027	3,201	-	3,201	1,258	-	1,258
Minority interest	(106)	(290)	(396)	-	(396)	(588)	-	(588)
Other, net	35	330	365	101	466	(474)	29	(445)
Earnings before income taxes	4,255	8,219	12,474	587	13,061	13,938	6,511	20,449
Income tax expense	2,473	2,772	5,245	235	5,480	4,779	2,647	7,426
Net income	\$ 1,782	\$ 5,447	\$ 7,229	\$ 352	\$ 7,581	\$ 9,159	\$ 3,864	\$ 13,023

CCI-Texas and CCI-Illinois
Condensed Combining Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	2004				
	Predecessor to CCI-Texas 01/01 - 04/13	CCI-Texas 04/14 - 09/30	Combined CCI-Texas 01/01 - 09/30	CCI-Illinois 01/01 - 09/30	Combined 01/01 - 09/30
OPERATING ACTIVITIES					
Net Income	\$ 1,782	\$ 5,447	7,229	352	\$ 7,581
Adjustments to reconcile net income to cash provided by (used in) operating activities:					
Prepayment penalty on extinguishment of debt	1,914	-	1,914	-	1,914
Deferred income tax	950	1,994	2,944	-	2,944
Depreciation and amortization	8,124	20,300	28,424	17,184	45,608
Provision for postretirement benefits	3,007	3,126	6,133	354	6,487
Partnership income	(1,174)	502	(672)	-	(672)
Minority interest in net income of subsidiary	106	290	396	-	396
Provision for bad debt losses	542	797	1,339	2,643	3,982
Other charges	(23)	(801)	(824)	(869)	(1,693)
Changes in operating assets and liabilities:					
Accounts receivable	(2,319)	2,638	319	689	1,008
Inventories	99	(116)	(17)	676	659
Other assets	(1,209)	6,503	5,294	(640)	4,654
Accounts payable	(1,051)	(3,849)	(4,900)	(420)	(5,320)
Accrued expenses and other liabilities	(5,429)	3,921	(1,508)	(431)	(1,939)
Net cash provided by operating activities	<u>5,319</u>	<u>40,752</u>	<u>46,071</u>	<u>19,538</u>	<u>65,609</u>
INVESTING ACTIVITIES					
Capital expenditures	(6,735)	(8,340)	(15,075)	(8,932)	(24,007)
Acquisition, net of cash acquired of \$9,897	-	(523,944)	(523,944)	-	(523,944)
Other, net	432	43	475	(123)	352
Net cash used in investing activities	<u>(6,303)</u>	<u>(532,241)</u>	<u>(538,544)</u>	<u>(9,055)</u>	<u>(547,599)</u>
FINANCING ACTIVITIES					
Proceeds from TXU Investment Company	18,000	-	18,000	-	18,000
Capital contributions from (payments to) investors	-	152,458	152,458	(63,400)	89,058
Proceeds from long-term obligations	-	392,000	392,000	245,000	637,000
Payments made on long-term obligations	(16,669)	(4,150)	(20,819)	(182,166)	(202,985)
Payment of deferred financing costs	-	(12,311)	(12,311)	-	(12,311)
Other, net	(1,914)	-	(1,914)	(1,338)	(3,252)
Net cash provided by (used in) financing activities	<u>(583)</u>	<u>527,997</u>	<u>527,414</u>	<u>(1,904)</u>	<u>525,510</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,567)	36,508	34,941	8,579	43,520
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	11,464	-	1,567	10,142	11,709
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 9,897	\$ 36,508	\$ 36,508	\$ 18,721	\$ 55,229