



For Immediate Release: July 26, 2001

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Bond Ticker: MADRIV
July 26, 2001
Mebane, North Carolina

MADISON RIVER COMMUNICATIONS ANNOUNCES SECOND QUARTER AND SIX MONTH FINANCIAL AND OPERATING RESULTS

Mebane, North Carolina – July 26, 2001 – Madison River Communications, an established and growing integrated communications provider, today announced its financial and operating results for the second quarter and six months ended June 30, 2001.

2001 Second Quarter Highlights

- Revenues increase to \$45.5 million versus \$41.7 million in prior year, a 9% increase;
- Adjusted EBITDA increased 6% sequentially from First Quarter 2001;
- Local Telecommunications Division (LTD) achieved an Adjusted EBITDA margin of 51%;
- LTD's adjusted EBITDA increased 18% over Second Quarter 2000;
- DSL penetration rate exceeded 4% in LTD's operating areas.

Revenues for the second quarter ended June 30, 2001 were \$45.5 million, an increase of \$3.8 million, or 9%, from \$41.7 million reported in the second quarter of 2000. The increase in revenues was driven primarily by gains in the Integrated Communications Division (ICD) which is composed of the Company's expanding CLEC and fiber transport operations. Revenues for the ICD in the second quarter of 2001 increased approximately \$3.0 million from the same quarter in 2000, or 483%, and grew approximately 37% sequentially from the first quarter of 2001. Adjusted EBITDA for the Company (operating income before depreciation, amortization and non-cash long-term incentive plan expenses) was \$14.8 million in the second quarter of 2001 which was consistent with \$14.8 million in Adjusted EBITDA for same quarter of 2000. LTD's Adjusted EBITDA increased by \$3.3 million from the prior year, which was offset by a \$3.3 million increase in Adjusted EBITDA loss for ICD.

On a sequential quarter basis, comparing the second quarter of 2001 to the first quarter ended March 31, 2001, Adjusted EBITDA increased 6%, or \$0.9 million, on an increase in revenues of 1%, or \$0.3 million. While revenues were consistent, the increase in Adjusted EBITDA can be attributed to a smaller Adjusted EBITDA loss in the ICD of \$0.8 million.

For the second quarter of 2001, the LTD reported revenues of \$42.0 million, Adjusted EBITDA of \$21.6 million and an Adjusted EBITDA margin of 51.4%. This represented an 18% increase in Adjusted EBITDA from the \$18.3 million reported in the second quarter of 2000. Revenues increased approximately \$0.8 million, or 2%. As of June 30, 2001, the LTD had approximately 199,300 voice access and DSL lines in service. On a sequential quarter basis, this represents a decrease of approximately 3,040 lines in service. The decrease is due to the sale of two exchanges in Illinois, which included approximately 4,280 lines, to Madison Telephone Company during the second quarter of 2001. On a pro forma basis, excluding the lines sold, the LTD reported an increase in voice access and DSL lines in service of approximately 1,240 lines, or 1%, over the first quarter of 2001. Of the 199,300 total lines, approximately 134,700 are residential, 59,200 are business lines and 5,400 are DSL lines. In addition, the LTD had approximately 72,300 long distance accounts and 31,300 dial-up Internet subscribers at June 30, 2001. Penetration rates for vertical services such as voice mail, caller ID, call waiting and call forwarding continued to increase in the second quarter of 2001.

Data continues to be an expanding line of business for the LTD. Revenues from high-speed special access services in the second quarter of 2001 increased 17% over the same period in 2000 and 9% over the first quarter of 2001. In addition, the penetration rate in installed DSL lines in LTD's service areas reached 4% of access lines and about 5% of the total households in our LTD areas. This is among the highest penetration rates for telecommunications providers in the United States.

J. Stephen Vanderwoude, Chairman and Chief Executive Officer, commented, "For two consecutive quarters, LTD has exceeded a 50% Adjusted EBITDA margin. Our integration efforts are paying off particularly when we consider that these properties had pro forma Adjusted EBITDA margins of 32.3% at the end of 1998. We have developed a strong operating team focused on delivering value to our customers and eliminating inefficiencies and unnecessary costs. Further, we are showing great success in DSL with over 4% penetration of existing LTD lines."

In the second quarter of 2001, the ICD's revenues were \$3.5 million, an increase of \$3.0 million over the same period in 2000. The ICD's Adjusted EBITDA loss in the second quarter of 2001 was \$6.8 million compared to \$3.5 million in the second quarter of 2000. On a sequential quarter basis, revenues increased \$1.0 million, or 37%, and the Adjusted EBITDA loss improved \$0.8 million, or 11%. As of June 30, 2001, the ICD had approximately 12,300 voice access lines and 2,900 DSL lines in service. During the second quarter, the ICD provisioned approximately 3,000 lines and completed the quarter with a provisioning backlog of approximately 6,700 lines.

2001 Six Month Highlights

For the six months ended June 30, 2001, revenues were \$90.7 million, an increase of \$17.4 million, or 24%, over revenues of \$73.3 million for the comparable six month period of 2000. By division, in the first six months of 2001, the LTD reported revenues of \$84.6 million and the ICD reported revenues of \$6.1 million. The increase in revenues is attributed partially to a full six months of revenues being reported for Coastal Communications. Coastal Communications was acquired at the end of the first quarter in 2000 and therefore is only included in the operating results for three months in 2000 versus the full six months of 2001. The remaining increase is due to the growth in voice access and DSL lines in each division. The LTD reported an increase in revenues of \$12.3 million, or 17%, of which \$9.7 million can be attributed to the impact on operations of Coastal Communications. The ICD reported a revenue gain of \$5.2 million, or 520%, for the six month period.

Adjusted EBITDA improved by \$3.7 million, or 15%, to \$28.7 million in the first six months of 2001 compared to the first six months of 2000. By division, this broke out as \$43.1 million for the LTD and a loss of \$14.3 million for the ICD. The \$3.7 million increase in Adjusted EBITDA for the comparable periods is the result of an increase in the LTD's Adjusted EBITDA of \$11.6 million, or 37%. This includes the impact of a full six months of Coastal Communications operations which accounted for approximately \$4.8 million of the increase. This gain was partially offset by a larger Adjusted EBITDA loss in the ICD of \$7.9 million.

On a pro forma basis, assuming that the Coastal Communications acquisition occurred as of January 1, 2000, revenues for the first half of 2001 increased \$8.3 million, or 10%, and Adjusted EBITDA increased slightly. For the LTD, on a comparable pro forma basis, Adjusted EBITDA was up 22%, or \$7.9 million, on an increase in revenues of 4%, or \$3.2 million.

As of June 30, 2001, the Company had \$27.7 million in cash on hand. In addition, the Company continues to maintain \$38.8 million in unused credit facilities with the RTFC. Cash expended for capital expenditures for the six months ended June 30, 2001 was approximately \$37 million.

Paul Sunu, Chief Financial Officer, commented, "We are pleased to report that we successfully completed the sale of our exchanges in Staunton and Livingston, Illinois during the second quarter as planned. With our current cash position and available credit facilities, our business plan remains funded until the second quarter of 2002. Although the capital markets continue to be difficult, the demonstrated ability to acquire and operate ILEC assets and the positive performance in our expansion operations provide a material difference distinguishing us from other competitive providers. We believe that the success in the capital markets is largely dependent on successfully executing our plan. We are doing that."

Second Quarter 2001 Operational Highlights

During the second quarter, the Company completed the sale of approximately 4,280 access lines and other operating assets in the exchanges of Staunton and Livingston, Illinois to Madison Telephone Company (a non-related entity). The proceeds from the sale were approximately \$13.4 million and are subject to post-closing adjustments.

The Company announced that Kenneth R. Rowen has joined the Company as Vice President and General Manager of Transport Services. Rowen, with over 15 years of telecom experience, will lead the strategic development and implementation of the Company's transport and Internet business offerings.

The Company will be conducting a conference call to discuss its second quarter and six month financial and operating results on Friday, July 27 at 11:00 AM EST. The call will be available via a webcast and can be accessed by going to the Company's website at www.madisonriver.net.

Selected Financial Results and Operating Data

Selected historical financial and operating results for the second quarter and six months ended June 30, 2001 and 2000 and pro forma financial results for the six months ended June 30, 2000 were (dollars in millions):

	Second Quarter Ended		Six Months Ended		
	As Reported		As Reported		Pro Forma**
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000	June 30, 2000
Net revenues	\$ 45.5	41.7	\$ 90.7	73.3	\$ 82.4
LTD	42.0	41.1	84.6	72.3	81.4
ICD	3.5	0.6	6.1	1.0	1.0
Operating expenses	45.2	40.4	91.1	71.0	78.9
LTD	32.9	35.3	66.6	61.9	69.8
ICD	12.3	5.1	24.5	9.1	9.1
Adjusted EBITDA	14.8	14.8	28.7	25.0	28.7
LTD	21.6	18.3	43.1	31.5	35.2
ICD	(6.8)	(3.5)	(14.3)	(6.5)	(6.5)
Adjusted EBITDA margin	32.5%	35.5%	31.7%	34.2%	34.9%
Net income	\$ (12.2)	(12.0)	\$ (41.4)	(24.5)	\$ (26.7)
LTD	3.2	0.7	(9.9)	(6.0)	(8.2)
ICD	(15.4)	(12.7)	(31.5)	(18.5)	(18.5)
Cash and cash equivalents	\$ 27.7	79.2	(a)	(a)	n/a
Net telephone plant and equipment	403.4	362.4	(a)	(a)	n/a
Total assets	929.2	981.7	(a)	(a)	n/a
Long-term debt	672.6	672.0	(a)	(a)	n/a
Member's interest	213.6	189.6	(a)	(a)	n/a
Accumulated deficit	(120.6)	(44.2)	(a)	(a)	n/a

**Second Quarter and
Six Months Ended**

<u>June 30, 2001</u>	<u>June 30, 2000</u>
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Selected Operating Data:

Total lines sold and in provisioning:	221,834	203,797
LTD:		
Voice	193,960 (a)	195,867
DSL lines	5,383	1,082
ICD:		
Voice	18,985	6,047
DSL Lines	3,506	801
 Total lines in service	 214,536	 202,374
LTD:		
Voice	193,960 (a)	195,867
DSL lines	5,383	1,082
ICD:		
Voice	12,254	4,690
DSL Lines	2,939	735
 Fiber transport (in actual \$ (b))	 \$ 180,000	 -
 Route miles of fiber	 2,750	 2,351
Host Voice Switches owned	11	10
ATM Switches	12	6
Network Operations Centers	2	2
Employees	911	952

(a) LTD voice access lines reflect the impact of the 4,278 access lines disposed of in the second quarter of 2001.

(b) Dollar amounts represent monthly recurring revenues.

States certified as a CLEC:

North Carolina	South Carolina
Florida (subsidiary Gulf Long Distance, Inc.)	Alabama
Mississippi	Louisiana
Texas	Tennessee
Illinois	Georgia

States certified as a long distance provider:

North Carolina	South Carolina
Georgia	Florida
Alabama	Mississippi
Louisiana	Texas
Tennessee	Illinois
Kentucky (subsidiary Gulf Long Distance, Inc.)	

NOTE:

** The unaudited pro forma results for the six month period ended June 30, 2000 assume that the Coastal Communications acquisition in March 2000 and the senior notes offering in February 2000 each occurred as of January 1, 2000. The pro forma information is not intended to be indicative of the actual results that would have been achieved had the transactions occurred at the beginning of 2000 nor does it purport to be indicative of the future consolidated operating results of the Company.

The statements, other than statements of historical fact, included in this press release are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “plan,” “seek” or “believe.” We believe that the expectations reflected in such forward-looking statements are accurate. However, we cannot assure you that such expectations will occur. Our actual future performance could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to, the following:

- **the uncertainties and potential delays associated with our planned expansion into competitive local service ;**
- **the passage of legislation or court decisions adversely affecting the telecommunications industry;**
- **our ability to repay our outstanding indebtedness;**
- **our ability to raise additional capital on acceptable terms and on a timely basis;**
- **competition in the telecommunications industry; and**
- **the advent of new technology.**

For more information, see the “Risk Factors” section beginning on page 13 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (File No. 333-36804) filed with the Securities and Exchange Commission.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this press release or to reflect the occurrence of unanticipated events.

Madison River Capital, LLC operates as Madison River Communications and is a wholly owned subsidiary of Madison River Telephone Company, LLC. Madison River Communications operates and enhances rural telephone companies and uses advanced technology to provide competitive communications services in nearby markets. Madison River Telephone Company, LLC is owned by affiliates of Madison Dearborn Partners Inc., Goldman, Sachs & Co., Providence Equity Partners and members of management.

MADISON RIVER CAPITAL, LLC
Condensed Consolidated Statements of Operations

(Dollars in thousands)
(Unaudited)

	Three Months Ended			Six Months Ended		
	June 30, 2001			June 30, 2001		
	LTD	ICD	Consolidated	LTD	ICD	Consolidated
Operating revenues:						
Local service	\$ 33,306	2,067	35,373	66,402	3,374	69,776
Long distance service	3,846	204	4,050	7,776	350	8,126
Internet and enhanced data	1,387	1,079	2,466	2,812	1,956	4,768
Transport service	-	535	535	-	862	862
Miscellaneous telecommunications service and equipment	<u>3,421</u>	<u>(341)</u>	<u>3,080</u>	<u>7,598</u>	<u>(407)</u>	<u>7,191</u>
Total operating revenues	<u>41,960</u>	<u>3,544</u>	<u>45,504</u>	<u>84,588</u>	<u>6,135</u>	<u>90,723</u>
Operating expenses:						
Cost of services	11,257	6,424	17,681	22,572	11,372	33,944
Depreciation and amortization	12,048	2,093	14,141	24,094	4,112	28,206
Selling, general and administrative	<u>9,584</u>	<u>3,835</u>	<u>13,419</u>	<u>19,888</u>	<u>9,045</u>	<u>28,933</u>
Total operating expenses	<u>32,889</u>	<u>12,352</u>	<u>45,241</u>	<u>66,554</u>	<u>24,529</u>	<u>91,083</u>
Net operating income	9,071	(8,808)	263	18,034	(18,394)	(360)
Interest expense	(9,711)	(6,680)	(16,391)	(19,231)	(13,388)	(32,619)
Other income (expense), net	<u>1,409</u>	<u>45</u>	<u>1,454</u>	<u>(6,287)</u>	<u>303</u>	<u>(5,984)</u>
Income (loss) before income taxes and minority interest	769	(15,443)	(14,674)	(7,484)	(31,479)	(38,963)
Income tax expense (benefit)	<u>(2,745)</u>	<u>-</u>	<u>(2,745)</u>	<u>1,862</u>	<u>-</u>	<u>1,862</u>
Income (loss) before minority interest	3,514	(15,443)	(11,929)	(9,346)	(31,479)	(40,825)
Minority interest	<u>275</u>	<u>-</u>	<u>275</u>	<u>525</u>	<u>-</u>	<u>525</u>
Net income (loss)	\$ <u>3,239</u>	<u>(15,443)</u>	<u>(12,204)</u>	\$ <u>(9,871)</u>	<u>(31,479)</u>	<u>(41,350)</u>
EBITDA	21,119	(6,715)	14,404	42,128	(14,282)	27,846
Adjustments:						
Long-term Incentive Plan	<u>441</u>	<u>(41)</u>	<u>400</u>	<u>946</u>	<u>(52)</u>	<u>894</u>
Adjusted EBITDA	\$ <u>21,560</u>	<u>(6,756)</u>	<u>14,804</u>	\$ <u>43,074</u>	<u>(14,334)</u>	<u>28,740</u>

NOTE: These financial statements recognize Madison River Capital, LLC's financial results on an historical basis.