



NEWS RELEASE

CenturyTel Announces Fourth Quarter 2003 Earnings

2004-01-29

MONROE, La.--(BUSINESS WIRE)--Jan. 29, 2004--CenturyTel, Inc. (NYSE:CTL) announces operating results for fourth quarter 2003.

- Revenues, excluding nonrecurring items, increased 3.2% to \$604.8 million from \$585.9 million, while GAAP revenues increased 3.5% to \$606.3 million from \$585.9 million.
- Operating cash flow (as defined in the attached financial schedules), excluding nonrecurring items, rose 0.8% to \$311.4 million.
- Net income, excluding nonrecurring items, grew 4.9% to \$89.3 million. Reported under GAAP, net income was \$82.4 million.
- Diluted earnings per share, excluding nonrecurring items, increased 3.4% to \$.61, while GAAP diluted earnings per share was \$.57 in fourth quarter 2003.
- Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$86.8 million in fourth quarter 2003.

Fourth Quarter Highlights (1) (In thousands, except per share and customer amounts)	Quarter Ended 12/31/03	Quarter Ended 12/31/02	% Change
Revenues	\$ 604,815	\$ 585,879	3.2%
Operating Cash Flow	\$ 311,442	\$ 308,920	0.8%

Net Income	\$ 89,267	\$ 85,074	4.9%
Diluted Earnings Per Share	\$.61	\$.59	3.4%
Average Diluted Shares Outstanding	145,354	143,380	1.4%

Telephone Revenues	\$ 522,691	\$ 519,427	0.6%
Other Operations Revenues	\$ 82,124	\$ 66,452	23.6%

Telephone Access Lines	2,376,118	2,414,564	(1.6)%
Long Distance Customers	769,766	648,797	18.6%

(1) These results include adjustments for nonrecurring items and other non-GAAP financial measures. A reconciliation of these items to comparable GAAP measures is included in the attached financial schedules.

"During 2003, CenturyTel achieved revenue and earnings growth in a very challenging industry environment," Glen F. Post, III, chairman and chief executive officer, said. "Record cash flows generated in 2003 provided the financial liquidity for CenturyTel to reduce debt by more than \$467 million and strengthen our cash position by nearly \$200 million."

Consolidated revenues for the fourth quarter, excluding nonrecurring items, rose 3.2% to \$604.8 million from \$585.9 million. Operating cash flow, excluding nonrecurring items, grew to \$311.4 million from \$308.9 million. The Company achieved a consolidated cash flow margin, excluding nonrecurring items, of 51.5% for fourth quarter 2003. Net income for the quarter, excluding nonrecurring items, increased 4.9% to \$89.3 million from \$85.1 million in fourth quarter 2002. Diluted earnings per share, excluding nonrecurring items, increased 3.4% to \$.61 from \$.59.

Telephone revenues for the fourth quarter, excluding nonrecurring items, reached \$522.7 million compared to \$519.4 million in fourth quarter 2002. Growth in enhanced calling features and intrastate access revenues was partially offset by declines in intrastate toll usage and access lines. Telephone operating income, excluding nonrecurring items, was \$175.5 million while telephone operating cash flow, excluding nonrecurring items, was \$289.1 million. Excluding nonrecurring items, CenturyTel's fourth quarter 2003 telephone operating cash flow margin was 55.3% while the operating income margin was 33.6%.

Other operations revenues grew 23.6% to \$82.1 million during fourth quarter 2003, compared with \$66.5 million in fourth quarter 2002. CenturyTel's long distance revenues increased 5.5% to \$42.9 million. Internet revenues increased 31.6% to \$21.6 million in fourth quarter 2003 from \$16.4 million in fourth quarter 2002. CenturyTel now serves nearly 770,000 long distance customers and more than 83,000 DSL customers, adding more than 24,500 and 7,100 customers, respectively, during the quarter. Fiber transport revenues increased \$7.4 million, primarily due to the June 2003 acquisition of fiber assets from Digital Teleport, Inc.

For the year 2003, results from continuing operations benefited from the Alabama and Missouri wireline properties acquired from Verizon in third quarter 2002. Revenues from continuing operations, excluding nonrecurring items, increased to \$2.379 billion from \$1.980 billion for the same period in 2002, a 20.2% increase. Operating cash flow from continuing operations, excluding nonrecurring items, was \$1.222 billion for 2003 compared to \$1.012 billion a year ago, a 20.8% increase. Income from continuing operations, excluding nonrecurring items, increased 39.1% to \$345.8 million from \$248.5 million in 2002.

"Customer demand for long distance and Internet services continued to drive solid revenue growth of nearly \$49 million in 2003 as long distance customers grew nearly 19% and DSL customers grew more than 58%. We believe the development of our integrated bundle during 2004 will stimulate further demand for services," Post said.

Under generally accepted accounting principles (GAAP), the Company's fourth quarter 2003 net income was \$82.4 million compared to \$44.3 million in 2002, while diluted earnings per share was \$.57 for fourth quarter 2003 compared to \$.31 in fourth quarter 2002. Net income in fourth quarter 2003 reflects an \$8.8 million after-tax charge associated with various operating tax audits and an after-tax benefit of \$2.0 million related to professional fees previously accrued. Net income in fourth quarter 2002 included a \$39.0 million after-tax charge associated with the redemption of \$400 million Series I remarketable senior notes. See the accompanying financial information for additional nonrecurring items that affected the fourth quarters and full years of 2003 and 2002.

For the year 2003, prepared in accordance with GAAP, the Company reported net income of \$344.7 million, or \$2.38 per diluted share, compared to net income of \$801.6 million, or \$5.61 per diluted share for the year 2002. The 2002 results included a \$551.4 million after-tax gain, or \$3.86 per diluted share, from the sale of the Company's wireless operations in third quarter 2002.

Guidance for 2004. CenturyTel anticipates a decline in 2004 telephone revenues primarily due to lower intrastate toll usage, lower cost study adjustments, lower universal service funding and access line declines. Giving effect to these revenue declines, the incremental amortization expense, conversion and operating costs related to the new billing and customer care system, and an expected increase in the Company's effective income tax rate to 38.5% primarily due to state income taxes, CenturyTel expects full year 2004 diluted earnings per share to be in the range of \$2.05 to \$2.20.

For first quarter 2004, CenturyTel expects total revenues of \$585 to \$600 million and diluted earnings per share of \$.49 to \$.53.

These outlook figures are presented on a GAAP basis, excluding nonrecurring items and the potential impact of any future mergers, acquisitions, divestitures or other similar business transactions.

Reconciliation to GAAP. This release includes certain non-GAAP financial measures, including but not limited to operating cash flow, free cash flow and adjustments to GAAP measures to exclude the effect of nonrecurring items. In addition to providing key metrics for management to evaluate the Company's performance, we believe these measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial schedules. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available on the Company's Web site at www.centurytel.com. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP.

In addition to historical information, this release includes certain forward-looking statements, estimates and projections that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond the control of the Company. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry; the Company's ability to effectively manage its growth, including integrating newly-acquired businesses into the Company's operations, hiring adequate numbers of qualified staff, and successfully upgrading its billing and other information systems; possible changes in the demand for, or pricing of, the Company's products and services; the Company's ability to successfully introduce new product or service offerings on a timely and cost-effective basis; the Company's ability to collect its receivables from financially troubled communications companies; other risks referenced from time to time in the Company's filings with the Securities and Exchange Commission; and the effects of more general factors such as changes in interest rates, in accounting policies or practices, in operating, medical or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2002. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The information contained in this release is as of January 29, 2004. The Company undertakes no obligation to update any of its forward-looking statements.

CenturyTel's management will host a conference call at 11:00 A.M. Central time today. Interested parties can access the call by dialing 800.346.2923 and the call will be accessible for replay until 1:00 p.m. CST, February 5, 2004, by calling 800.332.6854 and entering the conference-id number: 3383. Investors can also listen to CenturyTel's earnings conference call and replay by accessing the Company's Web site at www.centurytel.com

CenturyTel, Inc. provides communications services including local, long distance, Internet access and data services to more than 3 million customers in 22 states. The company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTL, and is included in the S&P 500 Index. CenturyTel is the 8th largest local exchange telephone company, based on access lines, in the United States. Visit CenturyTel at www.centurytel.com.

CenturyTel, Inc.

CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002
(UNAUDITED)

Three months ended December
31, 2003

As
adjusted
Less excluding
non- non-
As recurring recurring

In thousands, except per share amounts reported items items

TELEPHONE OPERATIONS

Operating revenues

Local service	\$ 188,464	-	188,464
Network access	289,224	1,500 (1)	287,724
Other	46,503	-	46,503

524,191 1,500 522,691

Operating expenses

Plant operations	127,199	-	127,199
Customer operations	43,526	-	43,526
Corporate and other	70,351	7,500 (1)	62,851
Depreciation and amortization	113,601	-	113,601

354,677 7,500 347,177

Telephone operating income	169,514	(6,000)	175,514
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OTHER OPERATIONS

Operating revenues

Long distance	42,916	-	42,916
Internet	21,588	-	21,588
Other	17,620	-	17,620

82,124 - 82,124

Operating expenses

Cost of sales and other	59,797	-	59,797
Depreciation and amortization	5,380	-	5,380

65,177 - 65,177

Other operating income	16,947	-	16,947
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TOTAL OPERATING INCOME 186,461 (6,000) 192,461

OTHER INCOME (EXPENSE)

Interest expense	(60,842)	(7,500)	(1) (53,342)
Income from unconsolidated cellular entity	1,265	-	1,265
Other income and expense	3,188	3,000 (2)	188
Income tax expense	(47,630)	3,675 (3)	(51,305)

NET INCOME \$ 82,442 (6,825) 89,267
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BASIC EARNINGS PER SHARE \$ 0.57 (0.05) 0.62
DILUTED EARNINGS PER SHARE \$ 0.57 (0.05) 0.61

SHARES OUTSTANDING

Basic	144,204	144,204
Diluted	145,354	145,354

DIVIDENDS PER COMMON SHARE \$ 0.0550 0.0550

Three months ended December
31, 2002

As
adjusted
Less excluding
non- non-
As recurring recurring

In thousands, except per share amounts reported items items

TELEPHONE OPERATIONS

Operating revenues

Local service	186,248	-	186,248
Network access	285,978	-	285,978
Other	47,201	-	47,201

519,427 - 519,427

Operating expenses

Plant operations	127,957	-	127,957
Customer operations	45,018	-	45,018
Corporate and other	56,655	-	56,655
Depreciation and amortization	112,980	-	112,980

342,610 - 342,610

Telephone operating income 176,817 - 176,817

OTHER OPERATIONS

Operating revenues

Long distance	40,665	-	40,665
Internet	16,402	-	16,402
Other	9,385	-	9,385

66,452 - 66,452

Operating expenses

Cost of sales and other	49,258	1,929 (4)	47,329
Depreciation and amortization	4,901	-	4,901

54,159 1,929 52,230

Other operating income 12,293 (1,929) 14,222

TOTAL OPERATING INCOME 189,110 (1,929) 191,039

OTHER INCOME (EXPENSE)

Interest expense	(57,019)	-	(57,019)
Income from unconsolidated cellular entity	1,730	-	1,730
Other income and expense	(63,458)	(60,730)(5)	(2,728)
Income tax expense	(26,018)	21,930 (6)	(47,948)

NET INCOME	44,345	(40,729)	85,074
	=====	=====	=====
BASIC EARNINGS PER SHARE	0.31	(0.29)	0.60
DILUTED EARNINGS PER SHARE	0.31	(0.28)	0.59
SHARES OUTSTANDING			
Basic	142,465	142,465	
Diluted	143,380	143,380	
DIVIDENDS PER COMMON SHARE	0.0525		0.0525

Increase
Increase (decrease)
(decrease) excluding
as nonrecurring
In thousands, except per share amounts reported items

TELEPHONE OPERATIONS

Operating revenues			
Local service	1.2%	1.2%	
Network access	1.1%	0.6%	
Other	(1.5%)	(1.5%)	
	0.9%	0.6%	
Operating expenses			
Plant operations	(0.6%)	(0.6%)	
Customer operations	(3.3%)	(3.3%)	
Corporate and other	24.2%	10.9%	
Depreciation and amortization	0.5%	0.5%	
	3.5%	1.3%	
Telephone operating income	(4.1%)	(0.7%)	

OTHER OPERATIONS

Operating revenues			
Long distance	5.5%	5.5%	
Internet	31.6%	31.6%	
Other	87.7%	87.7%	
	23.6%	23.6%	
Operating expenses			
Cost of sales and other	21.4%	26.3%	
Depreciation and amortization	9.8%	9.8%	
	20.3%	24.8%	
Other operating income	37.9%	19.2%	

TOTAL OPERATING INCOME	(1.4%)	0.7%
OTHER INCOME (EXPENSE)		
Interest expense	6.7%	(6.4%)
Income from unconsolidated cellular entity	(26.9%)	(26.9%)
Other income and expense	(105.0%)	(106.9%)
Income tax expense	83.1%	7.0%
NET INCOME	85.9%	4.9%
BASIC EARNINGS PER SHARE	83.9%	3.3%
DILUTED EARNINGS PER SHARE	83.9%	3.4%
SHARES OUTSTANDING		
Basic	1.2%	1.2%
Diluted	1.4%	1.4%
DIVIDENDS PER COMMON SHARE	4.8%	4.8%

NONRECURRING ITEMS

- (1) Operating taxes, including related revenue effect, and interest associated with various operating tax audits.
- (2) Reversal of costs previously accrued to defend unsolicited takeover proposal.
- (3) Tax effect of items (1) and (2).
- (4) Write-off costs associated with abandoned project.
- (5) Redemption premium on remarketable notes, net of unamortized premium (\$59.9 million), and write-off of nonoperating investment (\$781,000).

CenturyTel, Inc.

CONSOLIDATED STATEMENTS OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002
(UNAUDITED)

Twelve months ended December 31,
2003

As

adjusted
Less excluding
non- non-
As recurring recurring

In thousands, except per share amounts reported items items

TELEPHONE OPERATIONS

Operating revenues			
Local service	\$ 754,063	-	754,063
Network access	1,135,223	1,500 (1)	1,133,723
Other	182,694	-	182,694
	-----	-----	
	2,071,980	1,500	2,070,480
	-----	-----	
Operating expenses			
Plant operations	505,786	-	505,786
Customer operations	167,594	-	167,594
Corporate and other	259,635	2,541 (1)	257,094
Depreciation and amortization	450,851	-	450,851
	-----	-----	
	1,383,866	2,541	1,381,325
	-----	-----	
Telephone operating income	688,114	(1,041)	689,155
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OTHER OPERATIONS

Operating revenues			
Long distance	173,884	-	173,884
Internet	79,933	-	79,933
Other	54,948	-	54,948
	-----	-----	
	308,765	-	308,765
	-----	-----	
Operating expenses			
Cost of sales and other	226,693	-	226,693
Depreciation and amortization	19,790	-	19,790
	-----	-----	
	246,483	-	246,483
	-----	-----	
Other operating income	62,282	-	62,282
	-----	-----	

Corporate overhead costs allocable to discontinued operations	-	-	-
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TOTAL OPERATING INCOME	750,396	(1,041)	751,437
OTHER INCOME (EXPENSE)			
Interest expense	(226,751)	(7,500)	(1) (219,251)
Income from unconsolidated cellular entity	6,160	-	6,160
Nonrecurring gains and losses	-	-	-
Other income and expense	2,154	3,000	(2) (846)
Income tax expense	(187,252)	4,466	(3) (191,718)

INCOME FROM CONTINUING OPERATIONS	344,707	(1,075)	345,782
DISCONTINUED OPERATIONS, NET OF TAX	-	-	-

NET INCOME	\$ 344,707	(1,075)	345,782
=====			
BASIC EARNINGS PER SHARE			
From continuing operations	\$ 2.40	(0.01)	2.41
From discontinued operations	\$ -	-	-
Basic earnings per share	\$ 2.40	(0.01)	2.41
DILUTED EARNINGS PER SHARE			
From continuing operations	\$ 2.38	(0.01)	2.39
From discontinued operations	\$ -	-	-
Diluted earnings per share	\$ 2.38	(0.01)	2.39
SHARES OUTSTANDING			
Basic	143,583		143,583
Diluted	144,700		144,700
DIVIDENDS PER COMMON SHARE	\$ 0.2200		0.2200

Twelve months ended December 31,
2002

As
adjusted

Less excluding
non- non-

As recurring recurring

In thousands, except per share amounts reported items items

TELEPHONE OPERATIONS

Operating revenues

Local service	604,580	-	604,580
Network access	972,303	(7,645)	(4) 979,948
Other	156,709	-	156,709

1,733,592 (7,645) 1,741,237

Operating expenses

Plant operations	433,187		433,187
Customer operations	148,502	-	148,502
Corporate and other	211,924	15,000	(5) 196,924
Depreciation and amortization	396,866	-	396,866

1,190,479 15,000 1,175,479

Telephone operating income 543,113 (22,645) 565,758

OTHER OPERATIONS

Operating revenues

Long distance	146,536	-	146,536
Internet	58,665	-	58,665
Other	33,203	-	33,203

238,404 - 238,404

Operating expenses

Cost of sales and other	180,076	1,929	(6) 178,147
Depreciation and amortization	14,760	-	14,760

194,836 1,929 192,907

Other operating income 43,568 (1,929) 45,497

Corporate overhead costs allocable to discontinued operations (11,275) - (11,275)

TOTAL OPERATING INCOME 575,406 (24,574) 599,980

OTHER INCOME (EXPENSE)

Interest expense	(221,845)	-	(221,845)
Income from unconsolidated cellular			

entity	5,582	-	5,582
Nonrecurring gains and losses	3,709	3,709 (7)	-
Other income and expense		(63,814)(63,730) (8)	(84)
Income tax expense	(105,505)	29,608 (9)	(135,113)

INCOME FROM CONTINUING OPERATIONS	193,533	(54,987)	248,520
DISCONTINUED OPERATIONS, NET OF TAX	608,091	531,625 (10)	76,466

NET INCOME	801,624	476,638	324,986

BASIC EARNINGS PER SHARE

From continuing operations	1.36	(0.39)	1.75
From discontinued operations	4.29	3.75	0.54
Basic earnings per share	5.66	3.37	2.29

DILUTED EARNINGS PER SHARE

From continuing operations	1.35	(0.38)	1.74
From discontinued operations	4.26	3.72	0.54
Diluted earnings per share	5.61	3.34	2.27

SHARES OUTSTANDING

Basic	141,613	141,613
Diluted	142,879	142,879

DIVIDENDS PER COMMON SHARE	0.2100	0.2100
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Increase
Increase (decrease)
(decrease) excluding
In thousands, except per share amounts as nonrecurring
reported items

TELEPHONE OPERATIONS

Operating revenues		
Local service	24.7%	24.7%
Network access	16.8%	15.7%
Other	16.6%	16.6%
	19.5%	18.9%

Operating expenses		
Plant operations	16.8%	16.8%
Customer operations	12.9%	12.9%
Corporate and other	22.5%	30.6%
Depreciation and amortization	13.6%	13.6%
	16.2%	17.5%
Telephone operating income	26.7%	21.8%
OTHER OPERATIONS		
Operating revenues		
Long distance	18.7%	18.7%
Internet	36.3%	36.3%
Other	65.5%	65.5%
	29.5%	29.5%
Operating expenses		
Cost of sales and other	25.9%	27.3%
Depreciation and amortization	34.1%	34.1%
	26.5%	27.8%
Other operating income	43.0%	36.9%
Corporate overhead costs		
allocable to discontinued operations	(100.0%)	(100.0%)
TOTAL OPERATING INCOME	30.4%	25.2%
OTHER INCOME (EXPENSE)		
Interest expense	2.2%	(1.2%)
Income from unconsolidated cellular entity	10.4%	10.4%
Nonrecurring gains and losses	(100.0%)	-%
Other income and expense	(103.4%)	907.1%
Income tax expense	77.5%	41.9%
INCOME FROM CONTINUING OPERATIONS	78.1%	39.1%
DISCONTINUED OPERATIONS, NET OF TAX	(100.0%)	(100.0%)
NET INCOME	(57.0%)	6.4%
BASIC EARNINGS PER SHARE		
From continuing operations	76.5%	37.7%
From discontinued operations	(100.0%)	(100.0%)
Basic earnings per share	(57.6%)	5.2%
DILUTED EARNINGS PER SHARE		
From continuing operations	76.3%	37.4%
From discontinued operations	(100.0%)	(100.0%)
Diluted earnings per share	(57.6%)	5.3%

SHARES OUTSTANDING

Basic	1.4%	1.4%
Diluted	1.3%	1.3%

DIVIDENDS PER COMMON SHARE	4.8%	4.8%
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NONRECURRING ITEMS

- (1) Includes (i) operating taxes (\$7.5 million), net of related revenue effect (\$1.5 million), and interest cost (\$7.5 million) associated with various operating tax audits and (ii) partial recovery of amounts previously written off in connection with WorldCom bankruptcy (\$4.9 million; see Note 5).
- (2) Reversal of costs previously accrued to defend unsolicited takeover proposal.
- (3) Net out of period income tax adjustments (\$2.5 million credit), net of tax effect of items (1) and (2).
- (4) Reserve for refunds of access charges to interexchange carriers.
- (5) Reserve for uncollectible receivables, primarily WorldCom.
- (6) Write off costs associated with abandoned project.
- (7) Gain on sale of PCS license.
- (8) Redemption premium on remarketable notes, net of unamortized premium (\$59.9 million); costs to defend unsolicited takeover proposal (\$3.0 million); and write-off of nonoperating investment (\$781,000).
- (9) Tax effect of items (4) through (8).
- (10) Gain on sale of wireless operations (\$551.4 million after-tax), net of write down of wireless portion of billing system (\$19.8 million after-tax).

CenturyTel, Inc.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(UNAUDITED)

Dec. 31, Dec. 31,
2003 2002

(in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 203,181	3,661
Other current assets	259,758	292,241

Total current assets 462,939 295,902

PROPERTY, PLANT AND EQUIPMENT

Telephone	6,596,600	6,347,900
Other	587,555	521,292
Accumulated depreciation	(3,728,674)	(3,337,547)

Net property, plant and
equipment 3,455,481 3,531,645

INVESTMENTS AND OTHER ASSETS

Goodwill	3,425,001	3,427,281
Other	552,431	515,580

Total investments and other
assets 3,977,432 3,942,861

TOTAL ASSETS \$ 7,895,852 7,770,408
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LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 72,453	70,737
Other current liabilities	398,930	317,367

Total current liabilities 471,383 388,104

LONG-TERM DEBT 3,109,302 3,578,132

DEFERRED CREDITS AND OTHER

LIABILITIES	836,651	716,168
STOCKHOLDERS' EQUITY	3,478,516	3,088,004

TOTAL LIABILITIES AND EQUITY \$ 7,895,852 7,770,408
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CAPITAL EXPENDITURES
TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

	Twelve months ended December 31,		
	Increase		
	2003	2002 (decrease)	

(in thousands)			
CAPITAL EXPENDITURES			
Telephone	\$ 317,357	319,536	(0.7%)
Wireless (discontinued operations)	-	27,242	(100.0%)
Other	60,582	66,731	(9.2%)

Total capital expenditures	\$ 377,939	413,509	(8.6%)
=====			

CAPITAL EXPENDITURES
THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002

	Three months ended December 31,		
	Increase		
	2003	2002 (decrease)	

(in thousands)			
CAPITAL EXPENDITURES			
Telephone	\$ 100,909	98,209	2.7%
Other	20,571	17,284	19.0%

Total capital expenditures	\$ 121,480	115,493	5.2%
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CenturyTel, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

	Three months ended December 31, 2003	

	As	
	adjusted	
	Less excluding	
	non-	non-

As recurring recurring
reported items items

Consolidated operating cash flow and
cash flow margin

Operating income	\$ 186,461	(6,000)(1)	192,461
Add: Depreciation and amortization	118,981		118,981

Consolidated operating cash flow	\$ 305,442	(6,000)	311,442
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Revenues	\$ 606,315	1,500 (1)	604,815
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Consolidated cash flow margin (operating cash flow divided by revenues)	50.4%		51.5%
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Telephone operating cash flow,
operating income margin
and cash flow margin

Telephone operating income	\$ 169,514	(6,000)(1)	175,514
Add: Depreciation and amortization	113,601	-	113,601

Telephone operating cash flow	\$ 283,115	(6,000)	289,115
-------------------------------	------------	---------	---------

Telephone revenues	\$ 524,191	1,500 (1)	522,691
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Telephone operating income margin (operating income divided by revenues)	32.3%		33.6%
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Telephone cash flow margin (operating cash flow divided by revenues)	54.0%		55.3%
---	-------	--	-------

Other Operations operating cash flow,
operating income margin and
cash flow margin

Other Operations operating income	\$ 16,947	-	16,947
Add: Depreciation and amortization	5,380	-	5,380

Other Operations operating cash flow	\$ 22,327	-	22,327
--------------------------------------	-----------	---	--------

Other Operations revenues	\$ 82,124	-	82,124
	=====	=====	=====

Other Operations operating income margin (operating income divided by revenues)	20.6%		20.6%
	=====	=====	

Other Operations cash flow margin (operating cash flow divided by revenues)	27.2%		27.2%
	=====	=====	

Free cash flow (prior to debt service requirements and dividends)			
Net income	\$ 82,442	(6,825)(2)	89,267
Add: Depreciation and amortization	118,981	-	118,981
Less: Capital expenditures	(121,480)	-	(121,480)
	-----	-----	
Free cash flow	\$ 79,943	(6,825)	86,768
	=====	=====	=====

Free cash flow	\$ 79,943
Income from unconsolidated cellular entity	(1,265)
Deferred income taxes	60,684
Changes in current assets and current liabilities	32,553
Increase in other noncurrent assets	(5,248)
Increase (decrease) in other noncurrent liabilities	(1,361)
Retirement benefits	(40,336)
Other, net	(6,908)
Add: capital expenditures	121,480

Net cash provided by operating activities	\$ 239,542
	=====

Three months ended
December 31, 2002

As
adjusted
Less excluding
non- non-
As recurring recurring
reported items items

 Consolidated operating cash flow and
 cash flow margin

Operating income	189,110	(1,929)(3)	191,039
Add: Depreciation and amortization	117,881	-	117,881

 Consolidated operating cash flow 306,991 (1,929) 308,920
 =====

Revenues	585,879	-	585,879
----------	---------	---	---------

=====

Consolidated cash flow margin (operating cash flow divided by revenues)	52.4%		52.7%
--	-------	--	-------

=====

Telephone operating cash flow, operating income
margin and cash flow margin

Telephone operating income	176,817	-	176,817
Add: Depreciation and amortization	112,980	-	112,980

 Telephone operating cash flow 289,797 - 289,797
 =====

Telephone revenues	519,427	-	519,427
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=====

Telephone operating income margin (operating income divided by revenues)	34.0%		34.0%
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=====

Telephone cash flow margin (operating cash flow divided by revenues)	55.8%		55.8%
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=====

Other Operations operating cash flow, operating
income margin and cash flow margin

Other Operations operating income	12,293	(1,929)(3)	14,222
Add: Depreciation and amortization	4,901	-	4,901

 Other Operations operating cash flow 17,194 (1,929) 19,123
 =====

Other Operations revenues	66,452	-	66,452
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=====

Other Operations operating income margin (operating income divided by revenues)	18.5%	21.4%
	=====	=====

Other Operations cash flow margin (operating cash flow divided by revenues)	25.9%	28.8%
	=====	=====

Free cash flow (prior to debt service requirements and dividends)

Net income	44,345	(40,729)	(4)	85,074
Add: Depreciation and amortization	117,881	-	-	117,881
Less: Capital expenditures	(115,493)	-	-	(115,493)
	-----	-----	-----	
Free cash flow	46,733	(40,729)	-	87,462
	=====	=====	=====	

Free cash flow	46,733
Income from unconsolidated cellular entity	(1,730)
Deferred income taxes	27,769
Changes in current assets and current liabilities	(35,340)
Increase in other noncurrent assets	(6,981)
Increase (decrease) in other noncurrent liabilities	12,956
Retirement benefits	(18,046)
Other, net	17,541
Add: capital expenditures	115,493

Net cash provided by operating activities	158,395
	=====

(1) Operating taxes (\$7.5 million), including revenue effect (\$1.5 million), associated with various operating tax audits.

(2) Includes (i) interest cost (\$4.9 million after-tax) related to operating tax audits; (ii) benefit from reversal of costs previously accrued to defend unsolicited takeover proposal (\$2.0 million after-tax); and (iii) after tax effect of item (1)

(3) Write off costs associated with abandoned project.

(4) Redemption premium on remarketable notes, net of unamortized premium (\$39.0 million after tax); write off costs associated with abandoned project (\$1.3 million after tax); and write off of nonoperating investment (\$508,000 after tax).

CenturyTel, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

Twelve months ended
December 31, 2003

As
adjusted
Less excluding
non- non-
As recurring recurring
reported items items

Consolidated operating cash flow from
continuing operations and cash
flow margin

Operating income	\$ 750,396	(1,041)(1)	751,437
Add: Depreciation and amortization	470,641		470,641

Consolidated operating cash flow from continuing operations	\$1,221,037	(1,041)	1,222,078
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Revenues from continuing operations	\$2,380,745	1,500	2,379,245
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Consolidated cash flow margin
(operating cash flow divided by
revenues)

	51.3%	51.4%
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Telephone operating cash flow,
operating income margin and
cash flow margin

Telephone operating income	\$ 688,114	(1,041)(1)	689,155
Add: Depreciation and amortization	450,851	-	450,851

Telephone operating cash flow	\$1,138,965	(1,041)	1,140,006
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Telephone revenues	\$2,071,980	1,500	2,070,480
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Telephone operating income margin

(operating income divided by revenues)	33.2%	33.3%
	=====	=====

Telephone cash flow margin (operating cash flow divided by revenues)	55.0%	55.1%
	=====	=====

Other Operations operating cash flow, operating income margin and cash flow margin

Other Operations operating income	\$ 62,282	-	62,282
Add: Depreciation and amortization	19,790	-	19,790

Other Operations operating cash flow	\$ 82,072	-	82,072
	=====	=====	=====

Other Operations revenues	\$ 308,765	-	308,765
	=====	=====	=====

Other Operations operating income margin (operating income divided by revenues)	20.2%	20.2%
	=====	=====

Other Operations cash flow margin (operating cash flow divided by revenues)	26.6%	26.6%
	=====	=====

Free cash flow (prior to debt service requirements and dividends)

Net income	\$ 344,707	(1,075)(2)	345,782
Add: Depreciation and amortization(7)	470,641	-	470,641
Less: Capital expenditures (7)	(377,939)	-	(377,939)

Free cash flow	\$ 437,409	(1,075)	438,484
	=====	=====	=====

Free cash flow	\$ 437,409
Income from discontinued operations, net of tax	-
Less: depreciation and amortization of discontinued operations	-
Nonrecurring gains and losses	-
Income from unconsolidated cellular entity	(6,160)

Deferred income taxes	128,706
Changes in current assets and current liabilities	160,984
Increase in other noncurrent assets	(23,528)
Increase (decrease) in other noncurrent liabilities	(6,151)
Retirement benefits	(14,739)
Other, net	13,504
Add: capital expenditures	377,939

Net cash provided by operating activities from continuing operations
\$1,067,964
=====

Twelve months ended
December 31, 2002

As adjusted
Less excluding non-recurring items
As reported recurring items

Consolidated operating cash flow from continuing operations and cash flow margin
Operating income 575,406 (24,574)(3) 599,980
Add: Depreciation and amortization 411,626 - 411,626

Consolidated operating cash flow from continuing operations 987,032 (24,574) 1,011,606
=====

Revenues from continuing operations 1,971,996 (7,645)(4) 1,979,641
=====

Consolidated cash flow margin (operating cash flow divided by revenues) 50.1% 51.1%
=====

Telephone operating cash flow, operating income margin and cash flow margin
Telephone operating income 543,113 (22,645)(3) 565,758
Add: Depreciation and amortization 396,866 - 396,866

 Telephone operating cash flow 939,979 (22,645) 962,624
 =====

Telephone revenues 1,733,592 (7,645)(4)1,741,237
 =====

Telephone operating income margin
 (operating income divided by revenues) 31.3% 32.5%
 =====

Telephone cash flow margin (operating
 cash flow divided by revenues) 54.2% 55.3%
 =====

Other Operations operating cash flow, operating
 income margin and cash flow margin

Other Operations operating income 43,568 (1,929)(5) 45,497
 Add: Depreciation and amortization 14,760 - 14,760

Other Operations operating cash flow 58,328 (1,929) 60,257
 =====

Other Operations revenues 238,404 - 238,404
 =====

Other Operations operating income margin
 (operating income divided by revenues) 18.3% 19.1%
 =====

Other Operations cash flow margin
 (operating cash flow divided by
 revenues) 24.5% 25.3%
 =====

Free cash flow (prior to debt service
 requirements and dividends)

Net income 801,624 476,638 (6) 324,986
 Add: Depreciation and amortization
 (7) 424,520 - 424,520
 Less: Capital expenditures (7) (413,509) - (413,509)

Free cash flow 812,635 476,638 335,997
 =====

Free cash flow 812,635
 Income from discontinued operations,

net of tax	(608,091)
Less: depreciation and amortization of discontinued operations	(12,894)
Nonrecurring gains and losses	(3,709)
Income from unconsolidated cellular entity	(5,582)
Deferred income taxes	71,112
Changes in current assets and current liabilities	69,650
Increase in other noncurrent assets	(30,543)
Increase (decrease) in other noncurrent liabilities	35,489
Retirement benefits	(9,416)
Other, net	61,274
Add: capital expenditures	413,509

Net cash provided by operating activities from continuing operations	793,434
	=====

(1) Operating taxes (\$7.5 million), net of related revenue effect (\$1.5 million), associated with various operating tax audits, net of partial recovery of amounts previously written off in connection with WorldCom bankruptcy (\$4.9 million; see Note 3).

(2) Includes (i) interest cost (\$4.9 million after-tax) related to operating tax audits; (ii) benefit from reversal of costs previously accrued to defend unsolicited takeover proposal (\$2.0 million after-tax); (iii) net out of period income tax adjustments (\$2.5 million credit); and (iv) after-tax effect of item (1).

(3) Reserve for refunds of access charges to interexchange carriers (\$7.6 million) and reserve for uncollectible receivables, primarily WorldCom (\$15.0 million).

(4) Reserve for refunds of access charges to interexchange carriers.

(5) Write off costs associated with abandoned project.

(6) Includes gain on sale of wireless operations (\$551.4 million after tax) and gain on sale of a PCS license (\$2.4 million after tax). Such favorable items were partially offset by unfavorable charges for reserve for refunds of access charges to interexchange carriers (\$5.0 million after tax), reserve for uncollectible receivables, primarily WorldCom (\$9.8 million after tax), costs to defend unsolicited takeover proposal (\$2.0 million after tax) and write down of wireless portion of billing system (\$19.8 million

after tax).

(7) Includes discontinued operations for 2002.

MULTIMEDIA AVAILABLE: <http://www.businesswire.com/cgi-bin/mmg.cgi?eid=4560703>

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