



NEWS RELEASE

## CenturyTel Reports First Quarter Earnings

2005-04-28

MONROE, La.--(BUSINESS WIRE)--April 28, 2005--CenturyTel, Inc. (NYSE: CTL) announces operating results for first quarter 2005.

- Operating revenues rose to \$595.3 million from \$593.7 million in first quarter 2004.
- Net income, excluding nonrecurring items, was \$80.0 million compared to \$83.3 million in first quarter 2004. Reported under GAAP, first quarter 2005 net income was \$79.6 million compared to \$83.3 million in first quarter 2004.
- Diluted earnings per share increased 3.5% to \$.59 from \$.57 in first quarter 2004 due to share repurchases during 2004.
- Free cash flow (as defined in the attached financial schedules) was \$137.3 million in first quarter 2005.
- During the first quarter, the Company repurchased 1.78 million shares of common stock for approximately \$60 million under its \$200 million share repurchase program.

First Quarter Highlights (1) (In thousands, except per share amounts and customer units)	Quarter Ended 3/31/05	Quarter Ended 3/31/04	% Change
Operating Revenues	\$ 595,282	\$ 593,704	0.3 %
Operating Cash Flow	\$ 309,035	\$ 310,549	(0.5)%
Net Income	\$ 79,991	\$ 83,279	(3.9)%

Diluted Earnings Per Share	\$	.59	\$	.57	3.5 %
Average Diluted Shares					
Outstanding		137,169		147,426	(7.0)%
Capital Expenditures	\$	74,903	\$	61,745	21.3 %

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Telephone Access Lines		2,298,491		2,366,420	(2.9)%
Long Distance Lines		1,097,209		961,832	14.1 %
DSL Connections		173,768		97,092	79.0 %

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(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.

"CenturyTel achieved solid financial results during the first quarter with increased revenues from DSL, long distance and fiber operations," Glen F. Post, III, chairman and chief executive officer, said. "Our revenue from enhanced calling features also continues to grow as customer demand for our bundle offerings remains strong. More than 17% of our residential access lines were served through a bundle at the end of the first quarter with more than 60% of those bundles also including Internet or long distance service."

Operating revenues rose to \$595.3 million in first quarter 2005 from \$593.7 million in first quarter 2004. Revenue growth of approximately \$15.0 million was driven primarily by growth in DSL connections, data circuits, long distance lines and our fiber transport business and the continued penetration of enhanced calling features. These increases more than offset revenue declines of approximately \$14.0 million primarily attributable to lower access revenues, universal service funding and intrastate toll revenues, along with access line losses.

Operating expenses increased 2.0% to \$418.4 million compared to \$410.1 million in first quarter 2004. Cost of services and products increased \$10.4 million primarily due to growth in DSL connections, data circuits, long distance lines and the fiber transport business. Selling, general and administrative expenses decreased \$7.4 million primarily due to lower bad debt expense and employee costs. Depreciation and amortization increased \$5.2 million primarily due to higher levels of plant in service and increased amortization associated with the Company's new billing system.

Operating cash flow decreased to \$309.0 million from \$310.5 million. CenturyTel achieved an operating cash flow margin of 51.9% during the quarter versus 52.3% in first quarter 2004.

Net income, excluding nonrecurring items, was \$80.0 million compared to \$83.3 million in first quarter 2004, reflecting the decrease in operating income, which was partially offset by lower interest and income tax expense. Diluted earnings per share, excluding nonrecurring items, increased 3.5% to \$.59 from \$.57, due to a 7.0%

reduction in diluted shares outstanding.

"CenturyTel experienced stronger than expected broadband demand during the quarter, adding more than 31,000 DSL connections and ending the quarter with a penetration rate of nearly 10.5% of DSL-enabled lines. These results reflect the success of our strategic focus of owning the broadband connection to customers in our markets," Post said.

Under generally accepted accounting principles (GAAP), CenturyTel reported operating revenues of \$595.3 million in first quarter 2005 compared to \$593.7 million in first quarter 2004. In first quarter 2005, the Company reported net income of \$79.6 million and diluted earnings per share of \$.59, compared to \$83.3 million and \$.57 per diluted share, respectively, in first quarter 2004. Net income in first quarter 2005 includes \$3.7 million after-tax expense related to CenturyTel's purchase and retirement of approximately \$400 million of Series J Notes and \$3.3 million net benefit related to the settlement of various income tax audits.

For second quarter 2005, CenturyTel expects total revenues of \$590 to \$605 million and diluted earnings per share of \$.53 to \$.57. The decline in diluted earnings per share from first quarter to second quarter 2005 is primarily due to increased operating costs related to expected growth in our DSL, long distance and fiber operations, annual wage adjustments effective in the second quarter and the seasonal impact of maintenance activities for our outside plant.

For the full year 2005, diluted earnings per share is expected to be in the range of \$2.25 to \$2.35 versus the previous guidance of \$2.20 to \$2.35, reflecting the higher than anticipated first quarter diluted earnings per share, fewer fully diluted shares outstanding as a result of share repurchases during the first quarter and postponement of the effective date for the change in accounting for stock options.

These outlook figures for the second quarter and full year 2005 assume the successful mitigation of the dilutive effect of the Equity Units currently scheduled to settle in May 2005, and exclude any costs associated with transactions related to the Equity Units, future share repurchases, mergers, acquisitions, divestitures or other nonrecurring items.

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 readers 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 statements. 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](http://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.

Investor Call. As previously announced, CenturyTel's management will host a conference call at 10:30 a.m. Central Time today. Interested parties can access the call by dialing 866.802.4324. The call will be accessible for replay through May 4, 2005, by calling 888.266.2081 and entering the conference ID number 680045. Investors can also listen to CenturyTel's earnings conference call and replay by accessing the Investor Relations portion of the Company's Web site at [www.centurytel.com](http://www.centurytel.com) through May 18, 2005.

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 and hiring adequate numbers of qualified staff; 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 successfully take steps to mitigate the dilutive effect of the Equity Units currently scheduled to settle in May 2005; the Company's ability to collect its receivables from financially troubled communications companies; the Company's ability to successfully negotiate collective bargaining agreements on reasonable terms; 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, 2004. 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 April 28, 2005. The Company undertakes no obligation to update any of its forward-looking statements.

CenturyTel, Inc. (NYSE: CTL) provides a full range of local, long distance, Internet and broadband services to consumers in 22 states. Included in the S&P 500 Index, CenturyTel is a leading provider of integrated communications services to rural areas and small to mid-size cities in the United States. Visit CenturyTel at [www.centurytel.com](http://www.centurytel.com).

CenturyTel, Inc.

CONSOLIDATED STATEMENTS OF INCOME  
THREE MONTHS ENDED MARCH 31, 2005 AND 2004  
(UNAUDITED)

Three months ended March 31, 2005

In thousands, except per share amounts	As non- As	As adjusted Less non- recurring reported	excluding non- recurring items	recurring items
<b>OPERATING REVENUES</b>				
Local service	\$ 176,985			176,985
Network access	230,278			230,278
Long distance	47,515			47,515
Data	72,906			72,906
Fiber transport and CLEC	20,243			20,243
Other	47,355			47,355
	595,282	-		595,282
<b>OPERATING EXPENSES</b>				
Cost of services and products		191,993		191,993
Selling, general and administrative	94,254			94,254
Depreciation and amortization		132,175		132,175
	418,422	-		418,422
<b>OPERATING INCOME</b>		176,860	-	176,860
<b>OTHER INCOME (EXPENSE)</b>				
Interest expense	(52,625)	(1,196)	(1)	(51,429)
Income from unconsolidated cellular entity	1,313			1,313
Other income (expense)	1,535	(1,574)	(2)	3,109
Income tax expense	(47,467)	2,395	(3)	(49,862)
<b>NET INCOME</b>	\$ 79,616	(375)		79,991
<b>BASIC EARNINGS PER SHARE</b>	\$ 0.60		0.00	0.60
<b>DILUTED EARNINGS PER SHARE</b>	\$ 0.59		0.00	0.59



SHARES OUTSTANDING

Basic	142,585	142,585
Diluted	147,426	147,426

DIVIDENDS PER COMMON SHARE	0.0575	0.0575
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Increase  
Increase (decrease)  
(decrease) excluding  
as nonrecurring

In thousands, except per share amounts reported items

OPERATING REVENUES

Local service	(0.6%)	(0.6%)
Network access	(4.4%)	(4.4%)
Long distance	6.6%	6.6%
Data	11.1%	11.1%
Fiber transport and CLEC	16.1%	16.1%
Other	0.7%	0.7%
	0.3%	0.3%

OPERATING EXPENSES

Cost of services and products	5.8%	5.8%
Selling, general and administrative	(7.2%)	(7.2%)
Depreciation and amortization	4.1%	4.1%
	2.0%	2.0%

OPERATING INCOME	(3.6%)	(3.6%)
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OTHER INCOME (EXPENSE)

Interest expense	0.2%	(2.1%)
Income from unconsolidated cellular entity	(36.2%)	(36.2%)
Other income (expense)	(33.4%)	34.9%
Income tax expense	(8.9%)	(4.3%)

NET INCOME	(4.4%)	(3.9%)
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BASIC EARNINGS PER SHARE	3.4%	3.4%
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DILUTED EARNINGS PER SHARE	3.5%	3.5%
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SHARES OUTSTANDING

Basic	(7.3%)	(7.3%)
Diluted	(7.0%)	(7.0%)

DIVIDENDS PER COMMON SHARE	4.3%	4.3%
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NONRECURRING ITEMS

(1) - Write-off of unamortized deferred debt costs associated with

purchasing and retiring approximately \$400 million of Series J notes.

(2) - Includes (i) \$4.8 million debt extinguishment charge related to purchasing and retiring approximately \$400 million of Series J notes, net of (ii) \$3.2 million of interest income related to the settlement of various income tax audits.

(3) - Includes (i) \$1.1 million net tax benefit of Items (1) and (2) and (ii) \$1.3 million tax benefit related to the settlement of various income tax audits.

CenturyTel, Inc.

CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2005 AND DECEMBER 31, 2004  
(UNAUDITED)

March 31, December 31,  
2005 2004

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(in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 129,331	167,215
Other current assets	249,275	252,632
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Total current assets	378,606	419,847
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NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	7,496,363	7,431,017
Accumulated depreciation	(4,208,514)	(4,089,616)
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Net property, plant and equipment	3,287,849	3,341,401
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GOODWILL AND OTHER ASSETS

Goodwill	3,433,864	3,433,864
Other	609,512	601,841
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Total goodwill and other assets	4,043,376	4,035,705
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TOTAL ASSETS	\$ 7,709,831	7,796,953
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LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 144,811	249,617
Other current liabilities	466,267	442,001

Total current liabilities	611,078	691,618
LONG-TERM DEBT	2,694,203	2,762,019
DEFERRED CREDITS AND OTHER LIABILITIES	970,865	933,551
STOCKHOLDERS' EQUITY	3,433,685	3,409,765
TOTAL LIABILITIES AND EQUITY	\$ 7,709,831	7,796,953

CenturyTel, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES  
(UNAUDITED)

Three months ended March 31, 2005

In thousands	As adjusted	
	Less non-As reported	excluding non-recurring recurring items items
Operating cash flow and cash flow margin		
Operating income	\$ 176,860	- 176,860
Add: Depreciation and amortization	132,175	132,175
Operating cash flow	\$ 309,035	- 309,035
Revenues	\$ 595,282	- 595,282
Operating income margin (operating income divided by revenues)	29.7%	29.7%
Operating cash flow margin (operating cash flow divided by revenues)	51.9%	51.9%
Free cash flow (prior to debt service requirements and dividends)		
Net income	\$ 79,616	(375)(1) 79,991
Add: Depreciation and amortization	132,175	- 132,175
Less: Capital expenditures	(74,903)	- (74,903)

Free cash flow	\$ 136,888	(375)	137,263
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Free cash flow	\$ 136,888		
Income from unconsolidated cellular entity	(1,313)		
Deferred income taxes	22,141		
Changes in current assets and current liabilities	27,623		
Increase in other noncurrent assets	(1,358)		
Decrease in other noncurrent liabilities	(729)		
Retirement benefits	6,004		
Other, net	(7,340)		
Add: Capital expenditures	74,903		
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Net cash provided by operating activities	\$ 256,819		
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Three months ended March 31, 2004

	As adjusted		
	Less excluding non-recurring items		
In thousands	As reported	recurring items	recurring items
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Operating cash flow and cash flow margin			
Operating income	183,557	-	183,557
Add: Depreciation and amortization	126,992		126,992
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Operating cash flow	310,549	-	310,549
=====			
Revenues	593,704	-	593,704
=====			
Operating income margin (operating income divided by revenues)	30.9%		30.9%
=====			
Operating cash flow margin (operating cash flow divided by revenues)	52.3%		52.3%
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Free cash flow (prior to debt service)			

requirements and dividends)			
Net income	83,279	-	83,279
Add: Depreciation and amortization	126,992	-	126,992
Less: Capital expenditures	(61,745)	-	(61,745)
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Free cash flow	148,526	-	148,526
	=====		
Free cash flow	148,526		
Income from unconsolidated cellular entity	(2,059)		
Deferred income taxes	26,673		
Changes in current assets and current liabilities	57,695		
Increase in other noncurrent assets	(11,032)		
Decrease in other noncurrent liabilities	(3,949)		
Retirement benefits	10,830		
Other, net	(4,989)		
Add: Capital expenditures	61,745		
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Net cash provided by operating activities	283,440		
	=====		

#### NONRECURRING ITEMS

(1) - Includes (i) \$3.7 million after-tax expense related to purchasing and retiring approximately \$400 million of Series J notes, net of (ii) \$3.3 million net benefit related to the settlement of various income tax audits.

#### MULTIMEDIA AVAILABLE:

<http://www.businesswire.com/cgi-bin/mmg.cgi?eid=4875564>

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