



NEWS RELEASE

## CenturyTel Reports First Quarter Earnings

2009-04-30

MONROE, La., April 30 /PRNewswire-FirstCall/ -- CenturyTel, Inc. (NYSE: CTL) announces operating results for first quarter 2009.

- Operating revenues, excluding nonrecurring items, decreased 2.0% to \$635.4 million from \$648.6 million in first quarter 2008. Reported under GAAP (generally accepted accounting principles), operating revenues for first quarter 2009 were \$636.4 million.
- Operating cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$305.5 million in first quarter 2009 compared to \$319.2 million in first quarter 2008.
- Net income attributable to CenturyTel, excluding nonrecurring items, for first quarter 2009 was \$81.9 million versus \$86.2 million in first quarter 2008. Reported under GAAP, net income attributable to CenturyTel was \$67.2 million in first quarter 2009 and \$88.8 million in first quarter 2008.
- Diluted earnings per share, excluding nonrecurring items, increased 2.5% to \$.82 in first quarter 2009 from \$.80 in first quarter 2008. Reported under GAAP, diluted earnings per share was \$.67 in first quarter 2009 and \$.82 in first quarter 2008.
- Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items and \$6.4 million of capital expenditures related to the EMBARQ integration, was \$170.4 million in first quarter 2009 compared to \$167.1 million in first quarter 2008.
- High-speed Internet customers increased by more than 24,000 in first quarter 2009, resulting in more than 665,000 high-speed Internet customers in service at the end of the quarter, or nearly 34% of total access lines.

## First Quarter Highlights

(Excluding nonrecurring items reflected in the attached financial schedules)

	Quarter Ended	Quarter Ended	
(In thousands, except per share amounts and subscriber data)	3/31/09	3/31/08	% Change
Operating Revenues	\$635,357	\$648,614	(2.0)%
Operating Cash Flow(1)	\$305,521	\$319,177	(4.3)%
Net Income			
Attributable to CenturyTel	\$81,898	\$86,171	(5.0)%
Diluted Earnings Per Share	\$.82	\$.80	2.5%
Average Diluted Shares Outstanding	99,144	106,675	(7.1)%
Capital Expenditures	\$45,496 (2)	\$54,739	(16.9)%
Access Lines	1,967,000	2,108,000	(6.7)%
High-Speed Internet Customers	665,000	586,000	13.5%

(1) Operating Cash Flow is a non-GAAP financial measure. A reconciliation of this item to comparable GAAP measures is included in the attached financial schedules.

(2) Includes \$6.4 million of capital expenditures related to the integration of EMBARQ.

"CenturyTel achieved solid operating results and generated free cash flow of \$170 million during the first quarter," Glen F. Post, III, chairman and chief executive officer, said. "Broadband demand was strong as we added 24,000 high-speed Internet customers during the quarter, an 81% improvement over fourth quarter 2008."

Operating revenues, excluding nonrecurring items, decreased 2.0% to \$635.4 million in first quarter 2009 from \$648.6 million in first quarter 2008. Revenue increases during the quarter of approximately \$23 million resulted primarily from growth in high-speed Internet customers and growth in fiber transport revenues. These increases were more than offset by revenue declines of approximately \$36 million, primarily attributable to access line declines and lower access revenues.

Operating expenses, excluding nonrecurring items, decreased 1.7% to \$457.4 million in first quarter 2009 from \$465.1 million in first quarter 2008 primarily due to lower depreciation expense associated with fully depreciated assets which was partially offset by increased expenses due to growth in high-speed Internet customers, higher bad debt expense and higher personnel-related costs.

Operating cash flow, excluding nonrecurring items, decreased 4.3% to \$305.5 million in first quarter 2009 from \$319.2 million in first quarter 2008. CenturyTel achieved an operating cash flow margin of 48.1% during the quarter.

"We have made solid progress toward completing the EMBARQ merger as both companies' shareholders overwhelmingly approved the merger in late January and to date, we have received approval from 10 of the 15 states which require formal approval," said Post. "We continue to expect to receive all necessary state and federal regulatory approvals and to complete the merger during the second quarter. This strategic combination of CenturyTel and EMBARQ creates a larger and financially stronger company, and I am confident we will be well positioned to drive long-term shareholder value and deliver the reliable, high-quality communications services our customers and communities want and need."

Net income attributable to CenturyTel, excluding nonrecurring items, decreased 5.0% to \$81.9 million in first

quarter 2009 from \$86.2 million in first quarter 2008. Diluted earnings per share, excluding nonrecurring items, increased 2.5% to \$.82 in first quarter 2009 from \$.80 in first quarter 2008. First quarter 2009 diluted earnings per share was favorably impacted by the 7.1% fewer average diluted shares outstanding due to share repurchases during the twelve months ended March 31, 2009.

Under generally accepted accounting principles (GAAP), the Company reported net income attributable to CenturyTel of \$67.2 million and diluted earnings per share of \$.67 in first quarter 2009 compared to \$88.8 million and \$.82, respectively, in first quarter 2008. Net income and diluted earnings per share in first quarter 2009 include an aggregate after-tax charge of \$10.9 million associated with the discontinuance of our supplemental executive retirement plan; a \$5.0 million after-tax cost associated with our October 2008 bridge credit facility related to the EMBARQ acquisition; and a \$4.7 million after-tax charge related to integration costs associated with our pending acquisition of EMBARQ. Such factors were partially offset by a \$5.8 million tax benefit associated with the reduction of a deferred tax asset valuation allowance.

New accounting pronouncements effective first quarter 2009. First quarter 2009 results include the effects of two new accounting pronouncements, SFAS 160 and FSP EITF 03-6-1. SFAS 160 requires that noncontrolling interests be recognized as equity on the balance sheet and net income attributable to noncontrolling interests be included in consolidated net income. FSP EITF 03-6-1 requires that outstanding non-vested restricted stock be considered a participating security and therefore included in the earnings allocation in computing earnings per share under the two-class method. Both pronouncements require prior periods to be recast using the current applicable guidance; therefore, our first quarter 2008 results of operations included in this press release reflect the retroactive application of these new accounting pronouncements.

For second quarter 2009, CenturyTel expects total revenues of \$628 to \$638 million and diluted earnings per share of \$.77 to \$.81. The seasonal impact of outside plant maintenance activities, along with annual wage adjustments effective in the second quarter, will result in higher cash expenses compared to the first quarter of 2009.

These outlook figures, along with previously announced guidance for full year 2009, exclude the effects of nonrecurring items, the pending EMBARQ acquisition and any changes in operating or capital plans related thereto, the pending conversion to price cap regulation recently approved by the Federal Communications Commission, and any future mergers, acquisitions, divestitures or other similar business transactions.

We expect to update our outlook after completing the EMBARQ acquisition. We currently expect to close the transaction during second quarter 2009, subject to the receipt of regulatory approvals and satisfaction of other conditions.

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 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](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 866.206.6509. The call will be accessible for replay through May 6, 2009, by calling 888.266.2081 and entering the conference ID number 1346640. 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 20, 2009.

Certain non-historical statements made in this release and future oral or written statements or press releases by us or our management, in each case as they relate to CenturyTel or EMBARQ, the operations of either such company or our pending merger with EMBARQ, are intended to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual results or performance by CenturyTel or EMBARQ, and issues relating to our pending merger with EMBARQ, 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 impact actual results of

CenturyTel or EMBARQ, the combined company or the pending merger 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 (including the Federal Communication Commission's proposed rules regarding inter-carrier compensation and the Universal Service Fund described in our recent SEC reports); our ability to effectively adjust to changes in the communications industry; our ability to successfully complete our pending merger with EMBARQ, including timely receiving all regulatory approvals; the possibility that the anticipated benefits from the merger cannot be fully realized in a timely manner or at all, or that integrating EMBARQ's operations into ours will be more difficult, disruptive or costly than anticipated; our ability to effectively manage our expansion opportunities, including successfully integrating newly-acquired or newly-developed businesses into our operations and retaining and hiring key personnel; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; our ability to pay a \$2.80 per common share dividend annually, which may be affected by changes in our cash requirements, capital spending plans, cash flows or financial position; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; the effects of adverse weather; other risks referenced from time to time in this prospectus or other of our filings with the SEC; and the effects of more general factors such as changes in interest rates, in tax 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 business and our plans are described in greater detail in Item 1A to our Form 10-K for the year ended December 31, 2008, as updated and supplemented by our subsequent SEC reports. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update any of our forward-looking statements for any reason, whether as a result of new information, future events or otherwise.

CenturyTel (NYSE: CTL) is a leading provider of communications, high-speed Internet and entertainment services in small-to-mid-size cities through our broadband and fiber transport networks. Included in the S&P 500 Index, CenturyTel delivers advanced communications with a personal touch to customers in 25 states. Visit us at [www.centurytel.com](http://www.centurytel.com).

CenturyTel, Inc.  
CONSOLIDATED STATEMENTS OF INCOME  
THREE MONTHS ENDED MARCH 31, 2009 AND 2008  
(UNAUDITED)

Three months ended March 31, 2009

In thousands, except per share amounts	As adjusted excluding		
-----	Less non- As reported -----	non- recurring items -----	recurring items -----
<b>OPERATING REVENUES</b>			
Voice	\$209,918		209,918
Network access	192,844	1,028 (1)	191,816
Data	139,937		139,937
Fiber transport and CLEC	41,498		41,498
Other	52,188		52,188
	-----	-----	-----
	636,385	1,028	635,357
	-----	-----	-----
<b>OPERATING EXPENSES</b>			
Cost of services and products	234,631		234,631
Selling, general and administrative	109,845	14,640 (2)	95,205
Depreciation and amortization	127,572		127,572
	-----	-----	-----
	472,048	14,640	457,408
	-----	-----	-----
<b>OPERATING INCOME</b>	164,337	(13,612)	177,949
<b>OTHER INCOME (EXPENSE)</b>			
Interest expense	(52,032)		(52,032)
Other income (expense)	(1,818)	(8,000) (3)	6,182
Income tax expense	(43,107)	6,868 (4)	(49,975)

NET INCOME	67,380	(14,744)	82,124
Less: Net income attributable to noncontrolling interests	(226)	(226)	
NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.	\$67,154	(14,744)	81,898

BASIC EARNINGS PER SHARE	\$0.67	(0.15)	0.82
DILUTED EARNINGS PER SHARE	\$0.67	(0.15)	0.82

AVERAGE SHARES OUTSTANDING			
Basic	99,126	99,126	
Diluted	99,144	99,144	

DIVIDENDS PER COMMON SHARE	\$0.7000	0.7000	
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Three months ended March 31, 2008

		As adjusted excluding	
	Less non-	non-	
In thousands, except per share amounts	As reported	recurring items	recurring items

OPERATING REVENUES			
Voice	220,480	220,480	
Network access	208,698	208,698	
Data	126,772	126,772	
Fiber transport and CLEC	39,633	39,633	
Other	53,031	53,031	
	648,614	-	648,614

OPERATING EXPENSES			
Cost of services			

and products	237,812		237,812
Selling, general and administrative	91,625		91,625
Depreciation and amortization	135,684		135,684
	-----	---	-----
	465,121	-	465,121
	-----	---	-----
OPERATING INCOME	183,493	-	183,493
OTHER INCOME (EXPENSE)			
Interest expense	(50,122)		(50,122)
Other income (expense)	8,663	4,136 (5)	4,527
Income tax expense	(53,028)	(1,547) (6)	(51,481)
	-----	-----	-----
NET INCOME	89,006	2,589	86,417
Less: Net income attributable to noncontrolling interests	(246)		(246)
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NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.	88,760	2,589	86,171
	=====	=====	=====
BASIC EARNINGS PER SHARE	0.83	0.02	0.80
DILUTED EARNINGS PER SHARE	0.82	0.02	0.80
AVERAGE SHARES OUTSTANDING			
Basic	106,142		106,142
Diluted	106,675		106,675
DIVIDENDS PER COMMON SHARE	0.0675		0.0675

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

#### OPERATING REVENUES

Voice	(4.8%)	(4.8%)
Network access	(7.6%)	(8.1%)
Data	10.4%	10.4%
Fiber		
transport		
and CLEC	4.7%	4.7%
Other	(1.6%)	(1.6%)
	(1.9%)	(2.0%)

#### OPERATING EXPENSES

Cost of services		
and products	(1.3%)	(1.3%)
Selling, general		
and administrative	19.9%	3.9%
Depreciation and		
amortization	(6.0%)	(6.0%)
	1.5%	(1.7%)

OPERATING INCOME (10.4%) (3.0%)

#### OTHER INCOME (EXPENSE)

Interest expense	3.8%	3.8%
Other income		
(expense)	(121.0%)	36.6%
Income tax		
expense	(18.7%)	(2.9%)

NET INCOME (24.3%) (5.0%)

Less: Net income  
attributable  
to noncontrolling  
interests (8.1%) (8.1%)

NET INCOME  
ATTRIBUTABLE  
TO CENTURYTEL, INC. (24.3%) (5.0%)

#### BASIC EARNINGS PER

SHARE (19.3%) 2.5%

#### DILUTED EARNINGS PER

SHARE (18.3%) 2.5%

#### AVERAGE SHARES OUTSTANDING

Basic	(6.6%)	(6.6%)
Diluted	(7.1%)	(7.1%)

#### DIVIDENDS PER COMMON

SHARE	937.0%	937.0%
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NONRECURRING ITEMS

- (1) - Revenue impact of settlement loss related to Supplemental Executive Retirement Plan.
- (2) - Includes settlement loss related to Supplemental Executive Retirement Plan (\$7.7 million) and integration costs associated with pending acquisition of EMBARQ (\$6.9 million).
- (3) - Costs associated with our October 2008 \$800 million bridge credit facility related to the EMBARQ acquisition.
- (4) - Includes \$5.8 million income tax benefit caused by a reduction to our deferred tax asset valuation allowance and \$7.8 million income tax benefit related to items (1) through (3); net of \$6.7 million income tax expense due to the nondeductible portion of settlement payments related to the Supplemental Executive Retirement Plan.
- (5) - Gain on the sale of a nonoperating investment.
- (6) - Tax effect of item (5).

CenturyTel, Inc.  
 CONSOLIDATED BALANCE SHEETS  
 MARCH 31, 2009 AND DECEMBER 31, 2008  
 (UNAUDITED)

March 31,	December 31,
2009	2008
-----	-----
(in thousands)	

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$61,230	243,327
Other current assets	259,400	312,080
	-----	-----
Total current assets	320,630	555,407
	-----	-----

NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	8,900,683	8,868,451
Accumulated depreciation	(6,079,113)	(5,972,559)
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Net property, plant and equipment	2,821,570	2,895,892
	-----	-----

GOODWILL AND OTHER ASSETS

Goodwill	4,015,674	4,015,674
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Other	775,939	787,222
	-----	-----
Total goodwill and other assets	4,791,613	4,802,896
	-----	-----

TOTAL ASSETS	\$7,933,813	8,254,195
	=====	=====

#### LIABILITIES AND EQUITY

##### CURRENT LIABILITIES

Current maturities of long-term debt	\$20,148	20,407
Other current liabilities	394,714	437,983
	-----	-----
Total current liabilities	414,862	458,390

LONG-TERM DEBT	3,002,402	3,294,119
DEFERRED CREDITS AND OTHER LIABILITIES	1,341,340	1,333,878
STOCKHOLDERS' EQUITY	3,175,209	3,167,808
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TOTAL LIABILITIES AND EQUITY	\$7,933,813	8,254,195
	=====	=====

#### CenturyTel, Inc. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

Three months ended March 31, 2009

In thousands	As adjusted		
	As reported	Less non-recurring items	excluding non-recurring items
	-----	-----	-----
Operating cash flow and cash flow margin			
Operating income	\$164,337	(13,612)	(1) 177,949
Add: Depreciation and amortization	127,572	-	127,572
	-----	-----	-----
Operating cash flow	\$291,909	(13,612)	305,521
	=====	=====	=====

Revenues	\$636,385	1,028	(2)	635,357
	=====	=====		=====

Operating income margin (operating income divided by revenues)	25.8%			28.0%
	=====			=====

Operating cash flow margin (operating cash flow divided by revenues)	45.9%			48.1%
	=====			=====

Free cash flow (prior to debt service requirements and dividends)				
Net income attributable to CenturyTel, Inc.	\$67,154	(14,744)	(3)	81,898
Add: Depreciation and amortization	127,572	-		127,572
Less: Capital expenditures	(45,496)	-		(45,496) (5)
	-----	---	-----	
Free cash flow	\$149,230	(14,744)		163,974
	=====	=====		=====

Free cash flow	\$149,230
Gain on asset disposition	-
Deferred income taxes	17,249
Changes in current assets and current liabilities	33,031
Increase in other noncurrent assets	(306)
Decrease in other noncurrent liabilities	(2,779)
Retirement benefits	(23,497)

Excess tax benefits from share-based compensation	(335)
Other, net	12,078
Add: Capital expenditures	45,496
	-----
Net cash provided by operating activities	\$230,167
	=====

Three months ended March 31, 2008

In thousands	As adjusted		
	Less non-recurring items reported	excluding non-recurring items	recurring
	-----	-----	-----
Operating cash flow and cash flow margin			
Operating income	183,493	-	183,493
Add: Depreciation and amortization	135,684	-	135,684
	-----	---	-----
Operating cash flow	319,177	-	319,177
	=====	===	=====
Revenues	648,614	-	648,614
	=====	===	=====
Operating income margin (operating income divided by revenues)	28.3%		28.3%
	=====		=====
Operating cash flow margin (operating cash flow divided by revenues)	49.2%		49.2%
	=====		=====

Free cash flow (prior to debt service requirements and dividends)			
Net income attributable to CenturyTel, Inc.	88,760	2,589 (4)	86,171
Add: Depreciation and amortization	135,684	-	135,684
Less: Capital expenditures	(54,739)	-	(54,739)
	-----	---	-----
Free cash flow	169,705	2,589	167,116
	=====	=====	=====

Free cash flow	169,705
Gain on asset disposition	(4,136)
Deferred income taxes	8,357
Changes in current assets and current liabilities	(12,277)
Increase in other noncurrent assets	(789)
Decrease in other noncurrent liabilities	(2,790)
Retirement benefits	5,474
Excess tax benefits from share-based compensation	(19)
Other, net	11,946
Add: Capital expenditures	54,739
	-----
Net cash provided by operating activities	230,210
	=====

#### NONRECURRING ITEMS

(1) - Includes integration costs associated with pending acquisition of EMBARQ (\$6.9 million) and settlement loss related to Supplemental Executive Retirement Plan, including revenue impact (\$6.7 million).

- (2) - Revenue impact of settlement loss related to Supplemental Executive Retirement Plan.
- (3) - Includes (i) \$6.7 million income tax expense due to the nondeductible portion of settlement payments related to the Supplemental Executive Retirement Plan; (ii) \$5.0 million after-tax charge associated with our \$800 million bridge credit facility related to the EMBARQ acquisition; (iii) \$4.7 million after-tax impact of integration costs associated with pending acquisition of EMBARQ and (iv) \$4.1 million after-tax impact of settlement loss related to Supplemental Executive Retirement Plan, including revenue impact. These unfavorable items were partially offset by \$5.8 million income tax benefit caused by a reduction to our deferred tax asset valuation allowance.
- (4) - Gain on the sale of a nonoperating investment, net of tax.
- (5) - Includes \$6.4 million of capital expenditures related to the integration of EMBARQ. Excluding these costs, free cash flow was \$170.4 million for the three months ended March 31, 2009.

SOURCE CenturyTel, Inc.

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