



NEWS RELEASE

CenturyTel Reports Fourth Quarter 2006 Earnings

2007-02-15

MONROE, La., Feb. 15 /PRNewswire-FirstCall/ -- CenturyTel, Inc. (NYSE: CTL) announces operating results for fourth quarter 2006.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20060628/DAW039LOGO>)

- * Operating revenues were \$607.7 million compared to \$620.5 million in fourth quarter 2005.
- * Operating cash flow (as defined in the attached financial schedules) was \$300.0 million.
- * Net income, excluding nonrecurring items, was \$79.4 million compared to \$82.2 million in fourth quarter 2005. Net income, reported under GAAP, was \$72.2 million compared to \$78.3 million in fourth quarter 2005.
- * Diluted earnings per share, excluding nonrecurring items, was \$.68 in fourth quarter 2006 compared to \$.61 in fourth quarter 2005, while GAAP diluted earnings per share was \$.62 in fourth quarter 2006 and \$.59 in fourth quarter 2005.
- * Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$104.8 million in fourth quarter 2006.
- * Nearly 3.2 million shares were repurchased and retired for \$132.3 million during the quarter.

Fourth Quarter Highlights

(Excluding nonrecurring items)

(In thousands, except per

share amounts and operating data)	Quarter Ended 12/31/06	Quarter Ended 12/31/05	% Change
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Operating Revenues	\$ 607,695	\$ 620,472	(2.1)%
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Operating Cash Flow (1)	\$ 300,039	\$ 308,197	(2.6)%
Net Income	\$ 79,449	\$ 82,184	(3.3)%
Diluted Earnings Per Share	\$.68	\$.61	11.5 %
Average Diluted Shares			
Outstanding	118,874	135,917	(12.5)%
Capital Expenditures	\$ 101,037	\$ 132,914	(24.0)%
Telephone Access Lines (2)	2,094,000	2,214,000	(5.4)%
High-speed Internet Customers	369,000	249,000	48.2 %

(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) Excluding adjustments during 2006 to reflect the removal of test lines, database conversion and clean-up, and the sale of our Arizona properties, access line losses for 2006 were approximately 107,000, a year-over-year line loss of 4.8%.

"CenturyTel generated a record \$512 million of free cash flow during 2006, reflecting our continued success in aligning our costs and capital deployment with the changing landscape of our industry," Glen F. Post, III, chairman and chief executive officer, said. "At the same time, we invested more than \$300 million in our business and returned more than \$800 million to shareholders through the repurchase of more than 21 million common shares."

Operating revenues were \$607.7 million in fourth quarter 2006 compared to \$620.5 million in fourth quarter 2005. Revenue increases during the quarter of approximately \$17 million resulted primarily from an increase in high-speed Internet customers and growth in fiber transport revenues, as well as new initiatives. These increases were more than offset by revenue declines of approximately \$30 million primarily attributable to previously anticipated lower access revenues, reduced universal service funding, and access line losses.

Operating expenses decreased 3.1% to \$434 million from \$448 million in fourth quarter 2005, principally due to a \$9.4 million decline in depreciation expense primarily associated with fully depreciated assets. Additionally, cash expenses were \$4.6 million lower than in fourth quarter 2005 driven primarily by lower marketing, personnel and contract labor costs that more than offset increased expenses associated with new initiatives, long distance usage and growth in high-speed Internet customers.

"CenturyTel remains focused on being the broadband provider of choice in our markets. Customer demand for high-quality broadband service drove more than 29,000 high-speed Internet additions during the quarter resulting in over 120,000 net additions for the full year, a 48.2% annual increase," Post said. "We also expanded our addressable market for broadband services during the quarter with the launch of CenturyTel's first mesh-WiFi network in Vail, Colorado."

Operating cash flow for fourth quarter 2006 was \$300.0 million. CenturyTel achieved an operating cash flow margin of 49.4% during the quarter versus 49.7% in fourth quarter 2005. This margin decline was expected due to the growth in lower margin revenues versus the anticipated decline in higher margin revenues discussed above.

Net income, excluding nonrecurring items, was \$79.4 million compared to \$82.2 million in fourth quarter 2005. Diluted earnings per share, excluding nonrecurring items, increased to \$.68 in fourth quarter 2006 compared to \$.61 in fourth quarter 2005, primarily due to the reduction in diluted shares outstanding as a result of share repurchases during 2006.

For the year 2006, operating revenues, excluding nonrecurring items, were \$2.446 billion compared to \$2.479 billion in 2005, a 1.4% decrease. Operating cash flow, excluding nonrecurring items, was \$1.197 billion for 2006 compared to \$1.274 billion a year ago. Net income, excluding nonrecurring items, was \$303.0 million compared to \$346.3 million in 2005, while diluted earnings per share was \$2.52 compared to \$2.58 in 2005.

Under generally accepted accounting principles (GAAP), net income for fourth quarter 2006 was \$72.2 million compared to \$78.3 million for fourth quarter 2005. Diluted earnings per share was \$.62 in fourth quarter 2006 compared to \$.59 in fourth quarter 2005. Fourth quarter 2006 and fourth quarter 2005 results reflect after-tax charges of \$7.2 million and \$3.9 million, respectively, related to impairment charges associated with certain non-operating investments.

For the year 2006, prepared in accordance with GAAP, the Company reported net income of \$370.0 million, or \$3.07 per diluted share, compared to net income of \$334.5 million, or \$2.49 per diluted share, for the year 2005. See the accompanying financial schedules for detail of the Company's nonrecurring items for the years 2006 and 2005.

Outlook for 2007. For full year 2007, CenturyTel expects 2007 diluted earnings per share to be in the range of \$2.60 to \$2.70. As previously communicated, the Company expects revenue settlements related to prior periods to positively impact 2007 diluted earnings per share by \$.17 to \$.22. CenturyTel also expects share repurchases made during 2006 and January 2007 along with modestly lower interest expense to positively impact 2007 diluted earnings per share by \$.10 to \$.15. Additionally, CenturyTel believes it will continue to drive growth from the further penetration of its broadband service offerings and continued expansion in its fiber business that is anticipated to positively impact 2007 diluted earnings per share by \$.08 to \$.12, excluding depreciation expense. Also, lower depreciation expense, primarily due to certain telephone assets becoming fully depreciated that more than offsets higher depreciation related to broadband investments and new initiatives, is anticipated to positively impact 2007 diluted earnings per share by \$.03 to \$.05. These increases are expected to more than offset the negative impact on 2007 diluted earnings per share of \$.30 to \$.35 related to anticipated access line losses of 4.5% to 6.0% and continued pressure on access revenues.

For first quarter 2007, CenturyTel expects total revenues of \$600 to \$610 million and diluted earnings per share of \$.60 to \$.65.

Finally, the Company expects its capital expenditures in 2007 to be approximately \$325 million, a slight increase over the \$314 million expended in 2006.

These 2007 outlook figures exclude nonrecurring items, any share repurchases made after January 31, 2007, the pending acquisition of Madison River Communications Corp. and any future mergers, acquisitions, divestitures or other similar business transactions.

Other. During the fourth quarter of 2006, CenturyTel adopted the requirements of Staff Accounting Bulletin No. 108 (SAB 108), which required the results of operations previously reported in the first, second and third quarters of 2006 to be adjusted. The attached schedules reflect the nature of the adjustments and reconcile amounts previously reported to those amounts as adjusted for the application of SAB 108, both on a GAAP and non-GAAP basis.

In addition, the Company's stockholders' equity was reduced approximately \$98 million during fourth quarter 2006 upon the adoption of SFAS 158, which requires companies to reflect the unrecognized actuarial loss related to pension and post-retirement plans as a reduction in stockholders' equity.

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 statements. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available in the Investor Relations portion of 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.

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 866.814.8448. The call will be accessible for replay through February 21, 2007, by calling 888.266.2081 and entering the conference ID number 1023612. 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 prior to March 8, 2007.

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 expansion opportunities, including successfully financing and timely consummating pending acquisitions, successfully integrating newly-acquired properties into the Company's operations, and retaining and hiring key personnel; 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; the Company's ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; the effect of adverse weather; other risks referenced from time to time in the Company's filings with the Securities and Exchange Commission (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 Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, as updated by the Company's subsequent SEC reports. You should be aware that new factors may emerge from time to time and it is not possible for management to identify all such factors, nor can it 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 of this release. The information contained in this release is as of February 15, 2007. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

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.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005
(UNAUDITED)

Three months ended December 31, 2006

In thousands, except per share amounts	As adjusted		
	Less non-reported	excluding non-recurring items	recurring items
OPERATING REVENUES			
Voice*	\$211,385	211,385	
Network access	211,819	211,819	
Data	92,337	92,337	
Fiber transport and CLEC	39,770		39,770
Other	52,384	52,384	
	607,695	-	607,695
OPERATING EXPENSES			
Cost of services and products	223,132		223,132
Selling, general and administrative	84,524	84,524	
Depreciation and amortization	126,360		126,360
	434,016	-	434,016
OPERATING INCOME	173,679	-	173,679
OTHER INCOME (EXPENSE)			
Interest expense	(47,375)	(47,375)	
Other income (expense)	(9,306)	(11,715)(1)	2,409
Income tax expense	(44,765)	4,499 (2)	(49,264)
NET INCOME	\$72,233	(7,216)	79,449
BASIC EARNINGS PER SHARE	\$0.63	(0.06)	0.70
DILUTED EARNINGS PER SHARE	\$0.62	(0.06)	0.68
AVERAGE SHARES OUTSTANDING			
Basic	113,629	113,629	
Diluted	118,874	118,874	
DIVIDENDS PER COMMON SHARE	\$0.0625		0.0625

NONRECURRING ITEMS

- (1) - Impairment of nonoperating investments.
- (2) - Tax effect of Item (1).
- (3) - Impairment of nonoperating investment.
- (4) - Tax effect of Item (3).

* Revenues previously reported as "Local service" and "Long distance" have been combined into this "Voice" category for all periods presented.

	Three months ended December 31, 2005		
		As adjusted	
	Less non-	excluding non-	
In thousands, except per share amounts	reported	As recurring items	recurring items
OPERATING REVENUES			
Voice*	\$220,207	220,207	
Network access	232,570	232,570	
Data	80,904	80,904	
Fiber transport and CLEC	37,214	37,214	
Other	49,577	49,577	
	620,472	-	620,472
OPERATING EXPENSES			
Cost of services and products	212,339	212,339	
Selling, general and administrative	99,936	99,936	
Depreciation and amortization	135,778	135,778	
	448,053	-	448,053
OPERATING INCOME	172,419	-	172,419
OTHER INCOME (EXPENSE)			
Interest expense	(49,625)	(49,625)	
Other income (expense)	1,320	(6,250)(3)	7,570
Income tax expense	(45,780)	2,400 (4)	(48,180)
NET INCOME	\$78,334	(3,850)	82,184
BASIC EARNINGS PER SHARE	\$0.60	(0.03)	0.63
DILUTED EARNINGS PER SHARE	\$0.59	(0.03)	0.61
AVERAGE SHARES OUTSTANDING			
Basic	130,730	130,730	
Diluted	135,917	135,917	
DIVIDENDS PER COMMON SHARE	\$0.0600	0.0600	

NONRECURRING ITEMS

- (1) - Impairment of nonoperating investments.
- (2) - Tax effect of Item (1).
- (3) - Impairment of nonoperating investment.
- (4) - Tax effect of Item (3).

* Revenues previously reported as "Local service" and "Long distance" have been combined into this "Voice" category for all periods presented.

In thousands, except per share amounts	Increase (decrease) Increase as reported	excluding (decrease) items	nonrecurring
OPERATING REVENUES			
Voice*	(4.0%)	(4.0%)	
Network access	(8.9%)	(8.9%)	
Data	14.1%	14.1%	
Fiber transport and CLEC	6.9%	6.9%	
Other	5.7%	5.7%	
	(2.1%)	(2.1%)	
OPERATING EXPENSES			
Cost of services and products	5.1%	5.1%	
Selling, general and administrative	(15.4%)	(15.4%)	
Depreciation and amortization	(6.9%)	(6.9%)	
	(3.1%)	(3.1%)	
OPERATING INCOME	0.7%	0.7%	
OTHER INCOME (EXPENSE)			
Interest expense	(4.5%)	(4.5%)	
Other income (expense)	(805.0%)	(68.2%)	
Income tax expense	(2.2%)	2.2%	
NET INCOME	(7.8%)	(3.3%)	
BASIC EARNINGS PER SHARE	5.0%	11.1%	
DILUTED EARNINGS PER SHARE	5.1%	11.5%	
AVERAGE SHARES OUTSTANDING			
Basic	(13.1%)	(13.1%)	

Diluted	(12.5%)	(12.5%)	
DIVIDENDS PER COMMON SHARE		4.2%	4.2%

NONRECURRING ITEMS

- (1) - Impairment of nonoperating investments.
- (2) - Tax effect of Item (1).
- (3) - Impairment of nonoperating investment.
- (4) - Tax effect of Item (3).

* Revenues previously reported as "Local service" and "Long distance" have been combined into this "Voice" category for all periods presented.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005
(UNAUDITED)

Twelve months ended December 31, 2006

As adjusted

Less excluding
non- non-

As recurring recurring

In thousands, except per share

amounts reported items items

OPERATING REVENUES

Voice*	\$860,741		860,741
Network access	878,702	1,688 (1)	877,014
Data	351,495	275 (1)	351,220
Fiber transport and CLEC	149,088		149,088
Other	207,704		207,704
	2,447,730	1,963	2,445,767

OPERATING EXPENSES

Cost of services and products	888,414	8,585 (1)	879,829
Selling, general and administrative	370,272	845 (1)	369,427
Depreciation and amortization	523,506		523,506
	1,782,192	9,430	1,772,762

OPERATING INCOME	665,538	(7,467)	673,005
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OTHER INCOME (EXPENSE)

Interest expense	(195,957)	(195,957)	
Other income (expense)	121,568	106,934	(2) 14,634
Income tax expense	(221,122)	(32,477)	(3) (188,645)
NET INCOME	\$370,027	66,990	303,037
BASIC EARNINGS PER SHARE	\$3.17	0.57	2.59
DILUTED EARNINGS PER SHARE	\$3.07	0.55	2.52
AVERAGE SHARES OUTSTANDING			
Basic	116,671	116,671	
Diluted	122,229	122,229	
DIVIDENDS PER COMMON SHARE	\$0.25	0.25	

NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction, including revenue effect.
- (2) - Includes (i) gains of \$117.8 million recorded upon redemption of Rural Telephone Bank stock and \$.9 million recorded upon sale of Arizona properties, net of (ii) \$11.7 million impairment of nonoperating investments.
- (3) - Includes \$38.9 million net tax expense related to Items (1) and (2), net of \$6.4 million net tax benefit due to the resolution of various income tax audit issues.
- (4) - Expenses associated with Hurricanes Katrina and Rita.
- (5) - Write-off of unamortized deferred debt costs associated with purchasing and retiring approximately \$400 million of Series J notes.
- (6) - Includes (i) a \$16.2 million impairment of nonoperating investment and a \$4.8 million debt extinguishment charge related to purchasing and retiring approximately \$400 million of Series J notes, net of (ii) a \$3.5 million gain on sale of nonoperating investment and \$3.2 million of interest income related to the settlement of various income tax audits.
- (7) - Includes (i) \$1.3 million tax benefit related to the settlement of various income tax audits and (ii) \$8.2 million net tax benefit of items (4) through (6).

* Revenues previously reported as "Local service" and "Long distance" have been combined into this "Voice" category for all periods presented.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005
(UNAUDITED)

Twelve months ended December 31, 2005

As adjusted

Less excluding
non- non-

As recurring recurring

In thousands, except per share
amounts

reported items items

OPERATING REVENUES

Voice*	\$892,272		892,272
Network access	959,838		959,838
Data	318,770		318,770
Fiber transport and CLEC	115,454		115,454
Other	192,918		192,918
	2,479,252	-	2,479,252

OPERATING EXPENSES

Cost of services and products	821,929	5,853 (4)	816,076
Selling, general and administrative	388,989		388,989
Depreciation and amortization	531,931		531,931
	1,742,849	5,853	1,736,996

OPERATING INCOME 736,403 (5,853) 742,256

OTHER INCOME (EXPENSE)

Interest expense	(201,801)	(1,196)(5)	(200,605)
Other income (expense)	3,168	(14,253)(6)	17,421
Income tax expense	(203,291)	9,511 (7)	(212,802)

NET INCOME \$334,479 (11,791) 346,270

BASIC EARNINGS PER SHARE \$2.55 (0.09) 2.64
DILUTED EARNINGS PER SHARE \$2.49 (0.09) 2.58

AVERAGE SHARES OUTSTANDING

Basic	130,841	130,841
Diluted	136,087	136,087

DIVIDENDS PER COMMON SHARE \$0.24 0.24

NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction, including revenue effect.
- (2) - Includes (i) gains of \$117.8 million recorded upon redemption of Rural Telephone Bank stock and \$.9 million recorded upon sale of Arizona properties, net of (ii) \$11.7 million

- impairment of nonoperating investments.
- (3) - Includes \$38.9 million net tax expense related to Items (1) and (2), net of \$6.4 million net tax benefit due to the resolution of various income tax audit issues.
 - (4) - Expenses associated with Hurricanes Katrina and Rita.
 - (5) - Write-off of unamortized deferred debt costs associated with purchasing and retiring approximately \$400 million of Series J notes.
 - (6) - Includes (i) a \$16.2 million impairment of nonoperating investment and a \$4.8 million debt extinguishment charge related to purchasing and retiring approximately \$400 million of Series J notes, net of (ii) a \$3.5 million gain on sale of nonoperating investment and \$3.2 million of interest income related to the settlement of various income tax audits.
 - (7) - Includes (i) \$1.3 million tax benefit related to the settlement of various income tax audits and (ii) \$8.2 million net tax benefit of items (4) through (6).

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CenturyTel, Inc.
 CONSOLIDATED STATEMENTS OF INCOME
 TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005
 (UNAUDITED)

In thousands, except per share amounts	Increase (decrease) as reported	Increase (decrease) excluding nonrecurring items
OPERATING REVENUES		
Voice*	(3.5%)	(3.5%)
Network access	(8.5%)	(8.6%)
Data	10.3%	10.2%
Fiber transport and CLEC	29.1%	29.1%
Other	7.7%	7.7%
	(1.3%)	(1.4%)
OPERATING EXPENSES		
Cost of services and products	8.1%	7.8%
Selling, general and administrative	(4.8%)	(5.0%)

Depreciation and amortization	(1.6%)	(1.6%)
	2.3%	2.1%
OPERATING INCOME	(9.6%)	(9.3%)
OTHER INCOME (EXPENSE)		
Interest expense	(2.9%)	(2.3%)
Other income (expense)	3737.4%	(16.0%)
Income tax expense	8.8%	(11.4%)
NET INCOME	10.6%	(12.5%)
BASIC EARNINGS PER SHARE	24.3%	(1.9%)
DILUTED EARNINGS PER SHARE	23.3%	(2.3%)
AVERAGE SHARES OUTSTANDING		
Basic	(10.8%)	(10.8%)
Diluted	(10.2%)	(10.2%)
DIVIDENDS PER COMMON SHARE	4.2%	4.2%

NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction, including revenue effect.
- (2) - Includes (i) gains of \$117.8 million recorded upon redemption of Rural Telephone Bank stock and \$.9 million recorded upon sale of Arizona properties, net of (ii) \$11.7 million impairment of nonoperating investments.
- (3) - Includes \$38.9 million net tax expense related to Items (1) and (2), net of \$6.4 million net tax benefit due to the resolution of various income tax audit issues.
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- (7) - Includes (i) \$1.3 million tax benefit related to the settlement of various income tax audits and (ii) \$8.2 million net tax benefit of items (4) through (6).

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CenturyTel, Inc.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND DECEMBER 31, 2005
(UNAUDITED)

December 31, December 31,
2006 2005
(in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$25,668	158,846
Other current assets	264,449	264,170
Total current assets	290,117	423,016

NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	7,893,760	7,801,377
Accumulated depreciation	(4,784,483)	(4,496,891)
Net property, plant and equipment	3,109,277	3,304,486

GOODWILL AND OTHER ASSETS

Goodwill	3,431,136	3,432,649
Other	610,477	602,556
Total goodwill and other assets	4,041,613	4,035,205

TOTAL ASSETS \$7,441,007 7,762,707

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Short-term debt and current maturities of long-term debt	\$178,012	276,736
Other current liabilities	439,553	469,494
Total current liabilities	617,565	746,230

LONG-TERM DEBT 2,412,852 2,376,070

DEFERRED CREDITS AND OTHER

LIABILITIES	1,219,639	1,023,134
STOCKHOLDERS' EQUITY	3,190,951	3,617,273

TOTAL LIABILITIES AND EQUITY \$7,441,007 7,762,707

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

Three months ended December 31, 2006

In thousands	As reported	Less non-recurring items	As adjusted non-recurring items
Operating cash flow and cash flow margin			
Operating income	\$173,679	-	173,679
Add: Depreciation and amortization	126,360	-	126,360
Operating cash flow	\$300,039	-	300,039
Revenues	\$607,695	-	607,695
Operating income margin (operating income divided by revenues)		28.6%	28.6%
Operating cash flow margin (operating cash flow divided by revenues)		49.4%	49.4%
Free cash flow (prior to debt service requirements and dividends)			
Net income	\$72,233	(7,216)(1)	79,449
Add: Depreciation and amortization	126,360	-	126,360
Less: Capital expenditures	(101,037)	-	(101,037)
Free cash flow	\$97,556	(7,216)	104,772
Free cash flow	\$97,556		
Income from unconsolidated cellular entity	(821)		
Deferred income taxes	16,272		
Changes in current assets and current liabilities	7,821		
Decrease in other noncurrent assets	4,649		
Increase in other noncurrent liabilities	152		
Retirement benefits	(19,369)		

Excess tax benefits from share-based compensation	(4,174)
Other, net	15,088
Add: Capital expenditures	101,037
Net cash provided by operating activities	\$218,211

NONRECURRING ITEMS

(1) - Impairment of nonoperating investments (presented on an after-tax basis).

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

Three months ended December 31, 2005

In thousands	As adjusted		
	As reported	Less non-recurring items	excluding non-recurring items
Operating cash flow and cash flow margin			
Operating income	\$172,419	-	172,419
Add: Depreciation and amortization	135,778	-	135,778
Operating cash flow	\$308,197	-	308,197
Revenues	\$620,472	-	620,472
Operating income margin (operating income divided by revenues)	27.8%		27.8%
Operating cash flow margin (operating cash flow divided by revenues)	49.7%		49.7%
Free cash flow (prior to debt service requirements and dividends)			
Net income	\$78,334	(3,850)(1)	82,184
Add: Depreciation and amortization	135,778	-	135,778
Less: Capital expenditures	(132,914)	-	(132,914)
Free cash flow	\$81,198	(3,850)	85,048

Free cash flow	\$81,198
Income from unconsolidated cellular entity	(1,603)
Deferred income taxes	36,112
Changes in current assets and current liabilities	(2,366)
Decrease in other noncurrent assets	6,180
Increase in other noncurrent liabilities	142
Retirement benefits	(30,804)
Excess tax benefits from share-based compensation	-
Other, net	9,597
Add: Capital expenditures	132,914
Net cash provided by operating activities	\$231,370

NONRECURRING ITEMS

(1) - Impairment of nonoperating investments (presented on an after-tax basis).

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

In thousands	Twelve months ended December 31, 2006		
	As reported	As adjusted Less excluding non-recurring items	As adjusted Less excluding non-recurring items
Operating cash flow and cash flow margin			
Operating income	\$665,538	(7,467)(1)	673,005
Add: Depreciation and amortization	523,506	-	523,506
Operating cash flow	\$1,189,044	(7,467)	1,196,511
Revenues	\$2,447,730	1,963 (1)	2,445,767
Operating income margin (operating income divided by revenues)	27.2%		27.5%

Operating cash flow margin (operating cash flow divided by revenues)	48.6%	48.9%
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Free cash flow (prior to debt
service requirements and dividends)

Net income	\$370,027	66,990	(2)	303,037
Add: Depreciation and amortization	523,506	-		523,506
Less: Capital expenditures	(314,071)	-		(314,071)
	\$579,462	66,990		512,472

Free cash flow	\$579,462
Gain on asset dispositions	(118,649)
Income from unconsolidated cellular entity	(5,861)
Deferred income taxes	49,685
Changes in current assets and current liabilities	(6,651)
Decrease in other noncurrent assets	9,078
Increase in other noncurrent liabilities	709
Retirement benefits	5,963
Excess tax benefits from share- based compensation	(12,034)
Other, net	24,946
Add: Capital expenditures	314,071
Net cash provided by operating activities	\$840,719

NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction (including revenue effect).
- (2) - Includes (i) \$72.4 million after-tax gains recorded upon redemption of Rural Telephone Bank stock and sale of Arizona properties, (ii) \$7.2 million after-tax impairment of nonoperating investments, (iii) \$4.6 million severance and related costs due to workforce reduction (including revenue effect), net of tax, and (iv) \$6.4 million net tax benefit due to the resolution of various income tax audit issues.
- (3) - Expenses associated with Hurricanes Katrina and Rita (presented on a pre-tax basis).
- (4) - Includes (i) a \$10.0 million after-tax impairment of nonoperating investment, a \$3.7 million after-tax expense related to purchasing and retiring approximately \$400 million

of Series J notes and a \$3.6 million after-tax expense associated with Hurricanes Katrina and Rita, net of (ii) a \$3.3 million net benefit related to the settlement of various income tax audits and a \$2.2 million after-tax gain on sale of nonoperating investment.

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

	Twelve months ended December 31, 2005		
	As adjusted		
	Less	excluding	
In thousands	non-	non-	
	As	recurring	recurring
	reported	items	items
Operating cash flow and cash flow margin			
Operating income	\$736,403	(5,853)(3)	742,256
Add: Depreciation and amortization	531,931	-	531,931
Operating cash flow	\$1,268,334	(5,853)	1,274,187
Revenues	\$2,479,252	-	2,479,252
Operating income margin (operating income divided by revenues)		29.7%	29.9%
Operating cash flow margin (operating cash flow divided by revenues)		51.2%	51.4%
Free cash flow (prior to debt service requirements and dividends)			
Net income	\$334,479	(11,791)(4)	346,270
Add: Depreciation and amortization	531,931	-	531,931
Less: Capital expenditures	(414,872)	-	(414,872)
	\$451,538	(11,791)	463,329
Free cash flow	\$451,538		
Gain on asset dispositions		(3,500)	
Income from unconsolidated cellular entity	(4,910)		
Deferred income taxes	69,530		

Changes in current assets and current liabilities	27,001
Decrease in other noncurrent assets	1,973
Increase in other noncurrent liabilities	2,638
Retirement benefits	(16,815)
Excess tax benefits from share-based compensation	-
Other, net	22,412
Add: Capital expenditures	414,872
Net cash provided by operating activities	\$964,739

NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction (including revenue effect).
- (2) - Includes (i) \$72.4 million after-tax gains recorded upon redemption of Rural Telephone Bank stock and sale of Arizona properties, (ii) \$7.2 million after-tax impairment of nonoperating investments, (iii) \$4.6 million severance and related costs due to workforce reduction (including revenue effect), net of tax, and (iv) \$6.4 million net tax benefit due to the resolution of various income tax audit issues.
- (3) - Expenses associated with Hurricanes Katrina and Rita (presented on a pre-tax basis).
- (4) - Includes (i) a \$10.0 million after-tax impairment of nonoperating investment, a \$3.7 million after-tax expense related to purchasing and retiring approximately \$400 million of Series J notes and a \$3.6 million after-tax expense associated with Hurricanes Katrina and Rita, net of (ii) a \$3.3 million net benefit related to the settlement of various income tax audits and a \$2.2 million after-tax gain on sale of nonoperating investment.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
FIRST, SECOND AND THIRD QUARTERS OF 2006
ADJUSTED TO REFLECT THE APPLICATION OF SAB 108
PRESENTED ON A GAAP BASIS
(UNAUDITED)

Three months ended March 31, 2006
As adjusted
As SAB 108 for

In thousands, except reported Adjustments SAB 108
per share amounts

OPERATING REVENUES

Voice	\$217,449	(435) (1)	217,014
Network access	225,246	77 (2)	225,323
Data	83,238		83,238
Fiber transport and CLEC	35,780		35,780
Other	49,936		49,936
	611,649	(358)	611,291

OPERATING EXPENSES

Cost of services and products	222,952	(397) (1)	222,555
Selling, general and administrative	95,940		95,940
Depreciation and amortization	134,565	307 (2)	134,872
	453,457	(90)	453,367

OPERATING INCOME 158,192 (268) 157,924

OTHER INCOME (EXPENSE)

Interest expense	(50,086)		(50,086)
Other income (expense)	4,597		4,597
Income tax expense	(43,278)	103 (3)	(43,175)

NET INCOME \$69,425 (165) 69,260

BASIC EARNINGS PER SHARE \$0.57 0.00 0.57
DILUTED EARNINGS PER SHARE \$0.55 0.00 0.55

AVERAGE SHARES OUTSTANDING

Basic	122,394		122,394
Diluted	127,959		127,959

DIVIDENDS PER COMMON SHARE \$0.0625 0.0625

Three months ended June 30, 2006

	As	As adjusted	
	SAB 108	for	SAB 108
In thousands, except	reported	Adjustments	SAB 108
per share amounts			

OPERATING REVENUES

Voice	\$216,786	(301) (1)	216,485
Network access	221,586	77 (2)	221,663
Data	84,447		84,447
Fiber transport and CLEC	36,051		36,051
Other	50,261		50,261
	609,131	(224)	608,907
OPERATING EXPENSES			
Cost of services and products	216,466	(275) (1)	216,191
Selling, general and administrative	95,596		95,596
Depreciation and amortization	131,820	307 (2)	132,127
	443,882	32	443,914
OPERATING INCOME	165,249	(256)	164,993
OTHER INCOME (EXPENSE)			
Interest expense	(50,639)		(50,639)
Other income (expense)	123,459		123,459
Income tax expense	(85,701)	98 (3)	(85,603)
NET INCOME	\$152,368	(158)	152,210
BASIC EARNINGS PER SHARE	\$1.32	0.00	1.32
DILUTED EARNINGS PER SHARE	\$1.26	0.00	1.26
AVERAGE SHARES OUTSTANDING			
Basic	115,441		115,441
Diluted	121,636		121,636
DIVIDENDS PER COMMON SHARE	\$0.0625		0.0625

Three months ended September 30, 2006

	As	As adjusted SAB 108 reported	for Adjustments	SAB 108
In thousands, except per share amounts				
OPERATING REVENUES				
Voice	\$216,180	(323) (1)	215,857	
Network access	219,820	77 (2)	219,897	
Data	91,473		91,473	
Fiber transport and CLEC	37,487		37,487	
Other	55,123		55,123	
	620,083	(246)	619,837	

OPERATING EXPENSES

Cost of services and products	226,831	(295) (1)	226,536
Selling, general and administrative	94,212	94,212	
Depreciation and amortization	129,840	307 (2)	130,147
	450,883	12	450,895

OPERATING INCOME 169,200 (258) 168,942

OTHER INCOME (EXPENSE)

Interest expense	(47,857)	(47,857)	
Other income (expense)	2,818	2,818	
Income tax expense	(47,678)	99 (3)	(47,579)

NET INCOME \$76,483 (159) 76,324

BASIC EARNINGS PER SHARE 0.66 0.00 0.66
 DILUTED EARNINGS PER SHARE 0.65 0.00 0.64

AVERAGE SHARES OUTSTANDING

Basic	115,221	115,221
Diluted	120,448	120,448

DIVIDENDS PER COMMON SHARE \$0.0625 0.0625

SAB 108 adjustments

- (1) To record deferral of installation revenues and related costs.
- (2) To record amortization of additional billing system costs related to capitalized interest, including related revenue effect.
- (3) Tax effect of Items (1) and (2).

CenturyTel, Inc.
 CONSOLIDATED STATEMENTS OF INCOME
 FIRST, SECOND AND THIRD QUARTERS OF 2006
 ADJUSTED TO REFLECT THE APPLICATION OF SAB 108
 PRESENTED ON A NON-GAAP BASIS
 (UNAUDITED)

Three months ended March 31, 2006

As reported excluding non- recurring	SAB 108 items	As adjusted excluding non- recurring	Adjustments	items
In thousands, except				

per share amounts

OPERATING REVENUES

Voice	\$217,449	(435) (1)	217,014
Network access	224,118	77 (2)	224,195
Data	83,054		83,054
Fiber transport and CLEC	35,780		35,780
Other	49,936		49,936
	610,337	(358)	609,979

OPERATING EXPENSES

Cost of services and products	217,459	(397) (1)	217,062
Selling, general and administrative	95,258		95,258
Depreciation and amortization	134,565	307 (2)	134,872
	447,282	(90)	447,192

OPERATING INCOME 163,055 (268) 162,787

OTHER INCOME (EXPENSE)

Interest expense	(50,086)		(50,086)
Other income (expense)	4,597		4,597
Income tax expense	(45,145)	103 (3)	(45,042)

NET INCOME \$72,421 (165) 72,256

BASIC EARNINGS PER SHARE \$0.59 0.00 0.59
DILUTED EARNINGS PER SHARE \$0.58 0.00 0.57

AVERAGE SHARES OUTSTANDING

Basic	122,394		122,394
Diluted	127,959		127,959

DIVIDENDS PER COMMON SHARE \$0.0625 0.0625

Three months ended March 31, 2006

	As reported		As adjusted
	excluding		excluding
	non-		non-
	recurring	SAB 108	recurring
In thousands, except	items	Adjustments	items
per share amounts			

OPERATING REVENUES

Voice	\$216,786	(301) (1)	216,485
Network access	221,586	77 (2)	221,663

Data	84,447		84,447
Fiber transport and CLEC	36,051		36,051
Other	50,261		50,261
	609,131	(224)	608,907
OPERATING EXPENSES			
Cost of services and products	216,466	(275) (1)	216,191
Selling, general and administrative	95,596		95,596
Depreciation and amortization	131,820	307 (2)	132,127
	443,882	32	443,914
OPERATING INCOME	165,249	(256)	164,993
OTHER INCOME (EXPENSE)			
Interest expense	(50,639)		(50,639)
Other income (expense)	4,810		4,810
Income tax expense	(45,858)	98 (3)	(45,760)
NET INCOME	\$73,562	(158)	73,404
BASIC EARNINGS PER SHARE	\$0.64	0.00	0.64
DILUTED EARNINGS PER SHARE	\$0.61	0.00	0.61
AVERAGE SHARES OUTSTANDING			
Basic	115,441		115,441
Diluted	121,636		121,636
DIVIDENDS PER COMMON SHARE	\$0.0625		0.0625

Three months ended March 31, 2006

	As reported		As adjusted
	excluding		excluding
	non-		non-
	recurring	SAB 108	recurring
In thousands, except	items	Adjustments	items
per share amounts			

OPERATING REVENUES

Voice	\$216,180	(323) (1)	215,857
Network access	219,260	77 (2)	219,337
Data	91,382		91,382
Fiber transport and CLEC	37,487		37,487
Other	55,123		55,123
	619,432	(246)	619,186

OPERATING EXPENSES			
Cost of services and products	223,739	(295) (1)	223,444
Selling, general and administrative	94,049	94,049	
Depreciation and amortization	129,840	307 (2)	130,147
	447,628	12	447,640
OPERATING INCOME	171,804	(258)	171,546
OTHER INCOME (EXPENSE)			
Interest expense	(47,857)	(47,857)	
Other income (expense)	2,818	2,818	
Income tax expense	(48,678)	99 (3)	(48,579)
NET INCOME	\$78,087	(159)	77,928
BASIC EARNINGS PER SHARE	\$0.68	0.00	0.68
DILUTED EARNINGS PER SHARE	\$0.66	0.00	0.66
AVERAGE SHARES OUTSTANDING			
Basic	115,221	115,221	
Diluted	120,448	120,448	
DIVIDENDS PER COMMON SHARE	\$ 0.0625		0.0625

SOURCE CenturyTel, Inc.

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