



NEWS RELEASE

CenturyTel Reports Second Quarter Earnings

2006-07-27

MONROE, La.--(BUSINESS WIRE)--July 27, 2006--

CenturyTel, Inc. (NYSE: CTL) announces operating results for second quarter 2006.

- Net income, excluding nonrecurring items, declined 13.6% to \$73.6 million compared to \$85.1 million in second quarter 2005. Reported under GAAP, second quarter 2006 net income was \$152.4 million.
- Diluted earnings per share, excluding nonrecurring items, decreased 4.7% to \$.61 from \$.64 in second quarter 2005. Reported under GAAP, second quarter 2006 diluted earnings per share was \$1.26.
- Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$135.0 million in second quarter 2006 compared to \$113.6 million in second quarter 2005.

Second Quarter Highlights Quarter Ended Quarter Ended % Change
(Excluding nonrecurring items) 6/30/06 6/30/05
(In thousands, except per share
amounts and customer units)

Operating Revenues
Operating Cash Flow (1) \$ 609,131 \$ 606,413 0.4%
Net Income \$ 297,069 \$ 316,334 (6.1)%
Diluted Earnings Per Share \$ 73,562 \$ 85,118 (13.6)%
Average Diluted Shares \$.61 \$.64 (4.7)%

Outstanding	121,636	135,345	(10.1)%
Capital Expenditures	\$ 70,367	\$ 102,011	(31.0)%

Telephone Access Lines	2,168,317	2,273,279	(4.6)%
High-speed Internet Customers	312,853	194,847	(2) 60.6%

(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 approximately 2,000 access lines in our Arizona telephone properties which were sold in second quarter 2006.

"CenturyTel delivered solid results as we experienced strong demand for broadband services and communications bundles during the quarter," Glen F. Post, III, chairman and chief executive officer, said. "The 60% growth in high-speed Internet customers and 45% growth in related revenues over the past twelve months reflect CenturyTel's focus on being the broadband provider of choice in our markets."

Operating revenues rose 0.4% to \$609.1 million in second quarter 2006 from \$606.4 million in second quarter 2005. This increase primarily resulted from revenues from metro fiber assets acquired in mid-2005 and data revenue growth from high-speed Internet subscribers. These increases more than offset revenue declines attributable to access line losses and lower access revenues.

Operating expenses increased 5.6% to \$443.9 million from \$420.5 million in second quarter 2005 primarily due to growth in our high-speed Internet connections and expenses related to the metro fiber assets acquired in mid-2005.

Operating cash flow decreased to \$297.1 million from \$316.3 million. CenturyTel achieved an operating cash flow margin of 48.8% during the quarter versus 52.2% in second quarter 2005. This margin decline was principally driven by access line losses and lower USF and access revenues, along with the growth in lower margin services such as high-speed Internet, fiber transport and CLEC.

Net income, excluding nonrecurring items, was \$73.6 million in second quarter 2006 compared to \$85.1 million in second quarter 2005. The decrease was primarily driven by the decline in operating cash flow discussed above. Diluted earnings per share, excluding nonrecurring items, was \$.61 for second quarter 2006, a 4.7% decrease from

the \$.64 reported in second quarter 2005. This decrease was driven by lower net income, which was partially offset by the 10.1% decline in average diluted shares outstanding that was a result of share repurchases since second quarter 2005.

As announced July 19, 2006, all repurchases under the Company's February 2006 accelerated share repurchase agreements entered into with investment banks for approximately 14.36 million shares were recently completed and CenturyTel paid the banks \$28.4 million cash as final settlement of the agreements. The Company has \$500 million remaining under its \$1 billion share repurchase program authorized in February of this year.

"We are pleased that the accelerated share repurchase program was completed in less than five months. We currently expect to continue purchasing shares under the remaining \$500 million in the open market," Post said.

For the first six months of 2006, operating revenues, excluding nonrecurring items, increased to \$1.219 billion from \$1.202 billion for the same period in 2005. Operating cash flow, excluding nonrecurring items, was \$594.7 million for the first half of 2006 compared to \$625.4 million a year ago. Net income, excluding nonrecurring items, was \$146.0 million in the first six months of 2006 compared to \$165.1 million during the same period in 2005. Diluted earnings per share, excluding nonrecurring items, was \$1.19 during the first half of 2006 compared to \$1.23 in the first half of 2005.

Under generally accepted accounting principles (GAAP), net income for second quarter 2006 was \$152.4 million compared to \$85.1 million for second quarter 2005 and diluted earnings per share for second quarter 2006 was \$1.26 compared to \$.64 for second quarter 2005. Second quarter 2006 net income and diluted earnings per share include a \$72.4 million after-tax benefit related to the dissolution of the Rural Telephone Bank and a \$6.4 million positive impact from the resolution of various income tax audit issues.

Net income under GAAP for the first six months of 2006 was \$221.8 million compared to \$164.7 million for the first six months of 2005 and diluted earnings per share for the first six months of 2006 was \$1.80 compared to \$1.23 for the first six months of 2005. See the accompanying financial schedules for detail of the Company's nonrecurring items for the six months ended June 30, 2006 and 2005.

For the third quarter 2006, CenturyTel expects total revenues of \$605 to \$615 million and diluted earnings per share of \$.57 to \$.61. For the full year 2006, diluted earnings per share is expected to be in the range of \$2.35 to \$2.45, an increase over the \$2.30 to \$2.40 range previously provided. This increase in 2006 diluted earnings per share guidance is primarily due to the better than anticipated results during second quarter 2006 and the expectation of operating costs being lower in the second half of 2006 than previously anticipated.

These outlook figures exclude nonrecurring items and the potential impact of any future mergers, acquisitions,

divestitures, refinancing, share repurchases 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 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 866.814.1912. The call will be accessible for replay through August 2, 2006, by calling 888.266.2081 and entering the access code: 930453. 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 August 17, 2006.

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 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 July 27, 2006. 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 JUNE 30, 2006 AND 2005
 (UNAUDITED)

Three months ended June 30, 2006

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

Voice(a)	\$ 216,786		216,786	
Network access	221,586		221,586	
Data	84,447		84,447	
Fiber transport and CLEC	36,051		36,051	
Other	50,261		50,261	
	-----		-----	
	609,131	-	609,131	
	-----		-----	

OPERATING EXPENSES

Cost of services and products	216,466		216,466	
Selling, general and administrative	95,596		95,596	

Depreciation and amortization	131,820		131,820
	-----	-----	
	443,882	-	443,882
	-----	-----	
OPERATING INCOME	165,249	-	165,249
OTHER INCOME (EXPENSE)			
Interest expense	(50,639)		(50,639)
Income from unconsolidated cellular entity	2,076		2,076
Nonrecurring gains	118,649	118,649 (1)	-
Other income (expense)	2,734		2,734
Income tax expense	(85,701)	(39,843)(2)	(45,858)
	-----	-----	
NET INCOME	\$ 152,368	78,806	73,562
	=====	=====	=====
BASIC EARNINGS PER SHARE	\$ 1.32	0.68	0.64
DILUTED EARNINGS PER SHARE	\$ 1.26	0.65	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 June 30, 2005

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

OPERATING REVENUES			
Voice(a)	221,708		221,708
Network access	239,404		239,404
Data	76,049		76,049
Fiber transport and CLEC	21,636		21,636
Other	47,616		47,616
	-----	-----	
	606,413	-	606,413

OPERATING EXPENSES		
Cost of services and products	194,873	194,873
Selling, general and administrative	95,206	95,206
Depreciation and amortization	130,452	130,452

420,531 - 420,531

OPERATING INCOME 185,882 - 185,882

OTHER INCOME (EXPENSE)

Interest expense	(49,647)	(49,647)
Income from unconsolidated cellular entity	724	724
Nonrecurring gains	-	-
Other income (expense)	1,220	1,220
Income tax expense	(53,061)	(53,061)

NET INCOME 85,118 - 85,118
=====

BASIC EARNINGS PER SHARE 0.65 0.65
DILUTED EARNINGS PER SHARE 0.64 0.64

AVERAGE SHARES OUTSTANDING

Basic	130,299	130,299
Diluted	135,345	135,345

DIVIDENDS PER COMMON SHARE 0.0600 0.0600

Increase
(decrease)

Increase excluding
(decrease) nonrecurring

In thousands, except per share amounts as reported items

OPERATING REVENUES

Voice(a)	(2.2%)	(2.2%)
Network access	(7.4%)	(7.4%)
Data	11.0%	11.0%
Fiber transport and CLEC		66.6% 66.6%
Other	5.6%	5.6%
	0.4%	0.4%

OPERATING EXPENSES

Cost of services and products	11.1%	11.1%
Selling, general and administrative	0.4%	0.4%
Depreciation and amortization	1.0%	1.0%
	5.6%	5.6%

OPERATING INCOME (11.1%) (11.1%)

OTHER INCOME (EXPENSE)

Interest expense	2.0%	2.0%
Income from unconsolidated cellular entity	186.7%	186.7%
Nonrecurring gains	-	-
Other income (expense)	124.1%	124.1%
Income tax expense	61.5%	(13.6%)

NET INCOME 79.0% (13.6%)

BASIC EARNINGS PER SHARE 103.1% (1.5%)
 DILUTED EARNINGS PER SHARE 96.9% (4.7%)

AVERAGE SHARES OUTSTANDING

Basic	(11.4%)	(11.4%)
Diluted	(10.1%)	(10.1%)

DIVIDENDS PER COMMON SHARE 4.2% 4.2%

NONRECURRING ITEMS

- (1) - Includes gain recorded upon redemption of Rural Telephone Bank stock (\$117.8 million) and gain recorded upon sale of Arizona properties (\$.9 million).
- (2) - Includes \$46.3 million aggregate tax expense related to Item (1), net of \$6.4 million net tax benefit due to the resolution of various income tax audit issues.

(a) 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
 SIX MONTHS ENDED JUNE 30, 2006 AND 2005
 (UNAUDITED)

Six months ended June 30, 2006

As

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

OPERATING REVENUES

Voice(a)	\$ 434,235		434,235
Network access	446,832	1,128 (1)	445,704
Data	167,685	184 (1)	167,501
Fiber transport and CLEC	71,831		71,831
Other	100,197		100,197
	-----	-----	
	1,220,780	1,312	1,219,468
	-----	-----	

OPERATING EXPENSES

Cost of services and products	439,418	5,493 (1)	433,925
Selling, general and administrative	191,536	682 (1)	190,854
Depreciation and amortization	266,385		266,385
	-----	-----	
	897,339	6,175	891,164
	-----	-----	

OPERATING INCOME 323,441 (4,863) 328,304

OTHER INCOME (EXPENSE)

Interest expense	(100,725)		(100,725)
Income from unconsolidated cellular entity	4,149		4,149
Nonrecurring gains	118,649	118,649 (2)	-
Other income (expense)	5,258		5,258
Income tax expense	(128,979)	(37,976)(3)	(91,003)

NET INCOME \$ 221,793 75,810 145,983
=====

BASIC EARNINGS PER SHARE \$ 1.86 0.64 1.23
DILUTED EARNINGS PER SHARE \$ 1.80 0.61 1.19

AVERAGE SHARES OUTSTANDING

Basic	118,917	118,917
Diluted	124,798	124,798

DIVIDENDS PER COMMON SHARE \$ 0.1250 0.1250

Six months ended June 30, 2005

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

OPERATING REVENUES

Voice(a)	446,208	446,208
Network access	469,682	469,682
Data	148,955	148,955
Fiber transport and CLEC	41,879	41,879
Other	94,971	94,971
	-----	-----
	1,201,695	- 1,201,695
	-----	-----

OPERATING EXPENSES

Cost of services and products	386,866	386,866
Selling, general and administrative	189,460	189,460
Depreciation and amortization	262,627	262,627
	-----	-----
	838,953	- 838,953
	-----	-----

OPERATING INCOME 362,742 - 362,742

OTHER INCOME (EXPENSE)

Interest expense	(102,272)	(1,196)	(4)	(101,076)
Income from unconsolidated cellular entity	2,037	2,037		
Nonrecurring gains	-	-		
Other income (expense)	2,755	(1,574)	(5)	4,329
Income tax expense	(100,528)	2,395	(6)	(102,923)
	-----	-----		

NET INCOME	164,734	(375)	165,109
	=====	=====	=====

BASIC EARNINGS PER SHARE		1.25	1.26
DILUTED EARNINGS PER SHARE	1.23	1.23	

AVERAGE SHARES OUTSTANDING			
Basic	131,241	131,241	
Diluted	136,257	136,257	

DIVIDENDS PER COMMON SHARE	0.1200	0.1200	
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Increase
(decrease)
Increase excluding
(decrease) nonrecurring

In thousands, except per share amounts as reported items

OPERATING REVENUES

Voice(a)	(2.7%)	(2.7%)	
Network access	(4.9%)	(5.1%)	
Data	12.6%	12.5%	
Fiber transport and CLEC		71.5%	71.5%
Other	5.5%	5.5%	
	1.6%	1.5%	

OPERATING EXPENSES

Cost of services and products		13.6%	12.2%
Selling, general and administrative		1.1%	0.7%
Depreciation and amortization		1.4%	1.4%
	7.0%	6.2%	

OPERATING INCOME		(10.8%)	(9.5%)
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OTHER INCOME (EXPENSE)

Interest expense	(1.5%)	(0.3%)	
Income from unconsolidated cellular entity	103.7%	103.7%	
Nonrecurring gains	-	-	
Other income (expense)	90.9%	21.5%	
Income tax expense	28.3%	(11.6%)	

NET INCOME		34.6%	(11.6%)
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BASIC EARNINGS PER SHARE	48.8%	(2.4%)
DILUTED EARNINGS PER SHARE	46.3%	(3.3%)

AVERAGE SHARES OUTSTANDING

Basic	(9.4%)	(9.4%)
Diluted	(8.4%)	(8.4%)

DIVIDENDS PER COMMON SHARE	4.2%	4.2%
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NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction, including revenue impact.
- (2) - Includes gain recorded upon redemption of Rural Telephone Bank stock (\$117.8 million) and gain recorded upon sale of Arizona properties (\$.9 million).
- (3) - Includes \$44.4 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) - Write-off of unamortized deferred debt costs associated with purchasing and retiring approximately \$400 million of Series J notes.
- (5) - 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.
- (6) - Includes (i) \$1.1 million net tax benefit of Items (4) and (5) and (ii) \$1.3 million tax benefit related to the settlement of various income tax audits.
- (a) Revenues previously reported as "Local service" and "Long distance" have been combined into this "Voice" category for all periods presented.

CenturyTel, Inc.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2006 AND DECEMBER 31, 2005
(UNAUDITED)

June 30, Dec. 31,
2006 2005

(in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,769	158,846
Other current assets	238,483	264,170

Total current assets 240,252 423,016

NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	7,844,529	7,801,377
Accumulated depreciation	(4,672,522)	(4,496,891)

Net property, plant and equipment 3,172,007 3,304,486

GOODWILL AND OTHER ASSETS

Goodwill	3,431,136	3,432,649
Other	590,589	602,556

Total goodwill and other assets 4,021,725 4,035,205

TOTAL ASSETS \$ 7,433,984 7,762,707
=====

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 381,455	276,736
Other current liabilities	438,641	469,494

Total current liabilities 820,096 746,230

LONG-TERM DEBT 2,239,263 2,376,070

DEFERRED CREDITS AND OTHER LIABILITIES 1,073,065 1,023,134

STOCKHOLDERS' EQUITY 3,301,560 3,617,273

TOTAL LIABILITIES AND EQUITY \$ 7,433,984 7,762,707
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CenturyTel, Inc.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

Three months ended June 30, 2006

In thousands	As adjusted	Less non- recurring reported items	excluding non- recurring items
Operating cash flow and cash flow margin			
Operating income	\$ 165,249	-	165,249
Add: Depreciation and amortization	131,820	-	131,820
Operating cash flow	\$ 297,069	-	297,069
=====			
Revenues	\$ 609,131	-	609,131
=====			
Operating income margin (operating income divided by revenues)	27.1%	-	27.1%
=====			
Operating cash flow margin (operating cash flow divided by revenues)	48.8%	-	48.8%
=====			
Free cash flow (prior to debt service requirements and dividends)			
Net income	\$ 152,368	78,806 (1)	73,562
Add: Depreciation and amortization	131,820	-	131,820
Less: Capital expenditures	(70,367)	-	(70,367)
Free cash flow	\$ 213,821	78,806	135,015
=====			
Free cash flow	\$ 213,821		
Nonrecurring gains	(118,649)		
Income from unconsolidated cellular entity	(2,076)		

Deferred income taxes	12,830
Changes in current assets and current liabilities	31,674
(Increase) decrease in other noncurrent assets	3,162
Increase in other noncurrent liabilities	593
Retirement benefits	7,548
Excess tax benefits from share- based compensation	(761)
Other, net	3,778
Add: Capital expenditures	70,367

Net cash provided by operating activities	\$ 222,287
	=====

Three months ended June 30, 2005

In thousands	As adjusted	
	Less non- reported	excluding non- recurring recurring items items
	-----	-----
Operating cash flow and cash flow margin		
Operating income	185,882	- 185,882
Add: Depreciation and amortization	130,452	130,452
	-----	-----
Operating cash flow	316,334	- 316,334
	=====	=====
Revenues	606,413	- 606,413
	=====	=====
Operating income margin (operating income divided by revenues)	30.7%	30.7%
	=====	=====
Operating cash flow margin (operating cash flow divided by revenues)	52.2%	52.2%
	=====	=====

Free cash flow (prior to debt service requirements and dividends)			
Net income	85,118	-	85,118
Add: Depreciation and amortization	130,452	-	130,452
Less: Capital expenditures	(102,011)	-	(102,011)

Free cash flow	113,559	-	113,559
	=====		=====

Free cash flow	113,559
Nonrecurring gains	-
Income from unconsolidated cellular entity	(724)
Deferred income taxes	3,806
Changes in current assets and current liabilities	(8,669)
(Increase) decrease in other noncurrent assets	(119)
Increase in other noncurrent liabilities	145
Retirement benefits	6,513
Excess tax benefits from share-based compensation	-
Other, net	5,572
Add: Capital expenditures	102,011

Net cash provided by operating activities	222,094
	=====

NONRECURRING ITEMS

(1) - Includes (i) \$72.4 million after-tax gains recorded upon redemption of Rural Telephone Bank stock and sale of Arizona properties and (ii) \$6.4 million net tax benefit due to the resolution of various income tax audit issues.

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

Six months ended June 30, 2006

In thousands	As adjusted Less non- reported	excluding non- recurring items	recurring recurring items
	-----	-----	
Operating cash flow and cash flow margin			
Operating income	\$ 323,441	(4,863)	(1) 328,304
Add: Depreciation and amortization	266,385		266,385
	-----	-----	
Operating cash flow	\$ 589,826	(4,863)	594,689
	=====	=====	=====
Revenues	\$1,220,780	1,312	(1)1,219,468
	=====	=====	=====
Operating income margin (operating income divided by revenues)	26.5%		26.9%
	=====		=====
Operating cash flow margin (operating cash flow divided by revenues)	48.3%		48.8%
	=====		=====
Free cash flow (prior to debt service requirements and dividends)			
Net income	\$ 221,793	75,810	(2) 145,983
Add: Depreciation and amortization	266,385	-	266,385
Less: Capital expenditures	(130,455)	-	(130,455)
	-----	-----	
Free cash flow	\$ 357,723	75,810	281,913
	=====	=====	=====
Free cash flow	\$ 357,723		
Nonrecurring gains	(118,649)		
Income from unconsolidated cellular entity	(4,149)		
Deferred income taxes	22,352		
Changes in current assets and current liabilities	(306)		

(Increase) decrease in other noncurrent assets	969
Increase (decrease) in other noncurrent liabilities	1,550
Retirement benefits	14,926
Excess tax benefits from share-based compensation	(4,947)
Other, net	6,393
Add: Capital expenditures	130,455

Net cash provided by operating activities \$ 406,317
=====

Six months ended June 30, 2005

In thousands	As adjusted	
	As reported	Less excluding non-recurring items
Operating cash flow and cash flow margin		
Operating income	362,742	- 362,742
Add: Depreciation and amortization	262,627	262,627
Operating cash flow	625,369	- 625,369
Revenues	1,201,695	- 1,201,695

Operating income margin (operating income divided by revenues)	30.2%	30.2%
	=====	=====

Operating cash flow margin (operating cash flow divided by revenues)	52.0%	52.0%
	=====	=====

Free cash flow (prior to debt

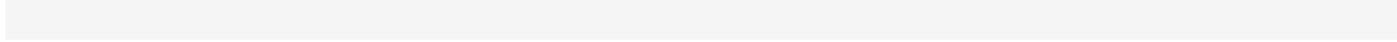
service requirements and dividends)			
Net income	164,734	(375)(3)	165,109
Add: Depreciation and amortization	262,627	-	262,627
Less: Capital expenditures	(176,914)	-	(176,914)
	-----	-----	
Free cash flow	250,447	(375)	250,822
	=====	=====	=====

Free cash flow	250,447
Nonrecurring gains	-
Income from unconsolidated cellular entity	(2,037)
Deferred income taxes	25,947
Changes in current assets and current liabilities	18,954
(Increase) decrease in other noncurrent assets	(1,477)
Increase (decrease) in other noncurrent liabilities	(584)
Retirement benefits	12,517
Excess tax benefits from share-based compensation	-
Other, net	(1,768)
Add: Capital expenditures	176,914

Net cash provided by operating activities	478,913
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NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction, including revenue impact.
- (2) - Includes (i) \$72.4 million after-tax gains recorded upon redemption of Rural Telephone Bank stock and sale of Arizona properties, (ii) \$3.0 million severance and related costs due to workforce reduction, including revenue impact, net of tax, and (iii) \$6.4 million net tax benefit due to the resolution of various income tax audit issues.
- (3) - 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.



Source: CenturyTel, Inc.