

CenturyTel Reports Third Quarter Earnings

2004-10-28

MONROE, La.--(BUSINESS WIRE)--Oct. 28, 2004--CenturyTel, Inc. (NYSE:CTL) announces operating results for third quarter 2004 that met or exceeded First Call consensus estimates.

- Operating revenues, excluding nonrecurring items, increased 1.2% to \$607.4 million from \$600.3 million. Reported under GAAP, operating revenues increased 0.6% to \$603.9 million from \$600.3 million.
- Operating cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$308.2 million.
- Net income, excluding nonrecurring items, was \$81.1 million compared to \$88.5 million in third quarter 2003. Net income, reported under GAAP, was \$86.2 million compared to \$91.0 million in third quarter 2003.
- Diluted earnings per share, excluding nonrecurring items, was \$.60 in third quarter 2004 and \$.61 in third quarter 2003, while GAAP diluted earnings per share was \$.63 in both third quarter 2004 and third quarter 2003.
- Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$110.6 million in third quarter 2004.
- Through the third quarter, the Company had repurchased nearly 10.9 million shares of common stock for a total investment of \$318.4 million.

Third Quarter Highlights(1)

(Excluding nonrecurring items)
(In thousands, except per share
amounts and customer units) Quarter Ended Quarter Ended
9/30/04 9/30/03 % Change

Operating Revenues	\$ 607,392	\$ 600,264	1.2 %
Operating Cash Flow	\$ 308,239	\$ 315,510	(2.3)%
Net Income	\$ 81,135	\$ 88,452	(8.3)%
Diluted Earnings Per Share	\$.60	\$.61	(1.6)%
Average Diluted Shares			
Outstanding	135,737	145,171	(6.5)%
Capital Expenditures	\$ 97,583	\$ 102,201	(4.5)%
Telephone Access Lines	2,336,517	2,394,623	(2.4)%
Long Distance Lines(2)	1,037,293	903,939	14.8 %
DSL Connections	120,869	76,328	58.4 %

(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.

(2) In first quarter 2004, the Company began reporting long distance units on a line basis instead of a customer basis. Third quarter 2003 has been restated on a line basis to ensure period-to-period comparability. All periods have also been adjusted to reflect the removal of 10,090 long distance lines due to zero-usage account clean-up during the billing system conversion.

"CenturyTel achieved revenue growth of 1.2% and generated strong free cash flow of \$110.6 million during the third quarter in a very challenging environment," Glen F. Post, III, chairman and chief executive officer, said. "Through the first nine months of 2004, CenturyTel generated nearly \$379 million of free cash flow and returned more than \$342 million to shareholders through our cash dividends and share repurchase program."

Operating revenues, excluding nonrecurring items, rose 1.2% to \$607.4 million in third quarter 2004 from \$600.3 million in third quarter 2003. Revenue increases resulted primarily from approximately \$20.0 million of revenues generated by the fiber assets acquired during 2003, data revenue growth from DSL subscribers, continued long distance subscriber growth and increased enhanced calling feature penetration. These increases more than offset revenue declines of \$13.6 million attributable to anticipated lower intrastate toll revenues, universal service funding, interstate access revenues related to prior periods and the effect of access line losses.

Operating expenses, excluding nonrecurring items, increased 4.1% to \$426.2 million from \$409.5 million in third quarter 2003 due primarily to the fiber assets acquired during 2003 and increases in operating taxes, customer service expenses and marketing expenses.

Operating cash flow, excluding nonrecurring items, decreased 2.3% to \$308.2 million from \$315.5 million. CenturyTel achieved an operating cash flow margin of 50.7% during the quarter versus 52.6% in third quarter 2003.

Net income, excluding nonrecurring items, was \$81.1 million compared to \$88.5 million in third quarter 2003. Diluted earnings per share, excluding nonrecurring items, was \$.60 in third quarter 2004 and \$.61 in third quarter 2003.

"Strong growth in long distance and data revenues as well as the continued penetration of enhanced calling features reflect CenturyTel's continued success in delivering needed products and services to our customers in rural areas and smaller cities across the country," Post said.

For the first nine months of 2004, operating revenues, excluding nonrecurring items, increased to \$1.805 billion from \$1.765 billion for the same period in 2003, a 2.2% increase. Operating cash flow, excluding nonrecurring items, was \$939.5 million for 2004 compared to \$935.1 million a year ago. Operating income, excluding nonrecurring items, decreased to \$554.6 million from \$559.0 million in 2003.

Under generally accepted accounting principles (GAAP), net income for third quarter 2004 was \$86.2 million compared to \$91.0 million for third quarter 2003. Diluted earnings per share for both third quarter 2004 and 2003 was \$.63. For the first nine months of 2004 and 2003, net income was \$252.8 million and \$262.3 million, respectively, while diluted earnings per share was \$1.81 and \$1.82, respectively. Third quarter 2004 results reflect an after-tax \$6.0 million adjustment for over depreciated assets and the related revenue effect, as well as other nonrecurring items detailed in the accompanying financial information that affected the third quarters and first nine months of 2004 and 2003.

Outlook. For the fourth quarter 2004, CenturyTel expects total revenues of \$590 to \$605 million and diluted earnings per share of \$.56 to \$.60. For the full year 2004, diluted earnings per share is expected to be in the range of \$2.34 to \$2.38. These outlook figures are presented excluding the potential impact of any future mergers, acquisitions, divestitures, share repurchases or other unusual events.

The Company expects to provide full year 2005 earnings per share guidance in January 2005. The Company has, however, identified several items that can be expected to affect 2005 results. Increased national average loop costs are expected to negatively impact the Company's 2005 Universal Service Fund receipts and diluted earnings per share by \$.05 to \$.07. Our anticipated roll-outs of satellite entertainment and wireless services are expected to

negatively impact 2005 diluted earnings per share by approximately \$.05 to \$.09. The Company currently anticipates, subject to market conditions and the availability of other investment opportunities, to complete its previously announced \$400 million share repurchase program and to undertake transactions to mitigate the dilutive effect of the \$500 million in Equity Units that are currently scheduled to settle in May 2005. Giving effect to these items, we currently anticipate 2005 interest expense will be between \$200 and \$210 million. These and other items that may affect 2005 results will be discussed in greater detail during our January 2005 call.

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 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 888.578.9505. The call will be accessible for replay until 11:59 p.m. Central Time, November 3, 2004, by calling 888.266.2081 and entering the conference ID number 575262. 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 November 17, 2004.

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 collect its receivables from financially troubled communications companies; other risks referenced from time to time in the Company's filings with the Securities and Exchange Commission; and the effects of more general factors such as changes in interest rates, in

accounting policies or practices, in operating, medical or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. 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 October 28, 2004. The Company undertakes no obligation to update any of its forward-looking statements.

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

CenturyTel, Inc.

CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(UNAUDITED)

	Three months ended September 30, 2004	
	As adjusted	
	Less excluding non-	non-
In thousands, except per share amounts	As recurring reported items	recurring items
	-----	-----
OPERATING REVENUES		
Local service	\$ 179,793	179,793
Network access	237,522 (3,091)(1)	240,613
Long distance	49,743	49,743
Data	69,570 (422)(1)	69,992
Fiber transport and CLEC	19,113	19,113
Other	48,138	48,138
	-----	-----
	603,879 (3,513)	607,392
	-----	-----
OPERATING EXPENSES		
Cost of services and products	191,000	191,000
Selling, general and administrative	108,153	108,153

Depreciation and amortization	113,857	(13,221)(1)	127,078
-------------------------------	---------	-------------	---------

-----	-----	-----	-----
413,010	(13,221)	426,231	
-----	-----	-----	-----

OPERATING INCOME	190,869	9,708	181,161
------------------	---------	-------	---------

OTHER INCOME (EXPENSE)

Interest expense	(52,174)	(52,174)	
Income from unconsolidated cellular entity	1,929	1,929	
Other income and expense	(822)	(1,500)(2)	678
Income tax expense	(53,610)	(3,151)(3)	(50,459)

NET INCOME	\$ 86,192	5,057	81,135
------------	-----------	-------	--------

BASIC EARNINGS PER SHARE	\$ 0.64	0.04	0.60
DILUTED EARNINGS PER SHARE	\$ 0.63	0.04	0.60

SHARES OUTSTANDING

Basic	134,885	134,885
Diluted	135,737	135,737

DIVIDENDS PER COMMON SHARE	\$ 0.0575	0.0575
----------------------------	-----------	--------

Three months ended
September 30, 2003

As
adjusted

Less excluding
non- non-

As recurring recurring

In thousands, except per share reported items items
amounts -----

OPERATING REVENUES

Local service	179,136	179,136
Network access	252,757	252,757
Long distance	45,207	45,207
Data	62,008	62,008
Fiber transport and CLEC	13,530	13,530
Other	47,626	47,626

-----	-----	-----
600,264	-	600,264

OPERATING EXPENSES

Cost of services and products	190,193	190,193
Selling, general and administrative	94,561	94,561
Depreciation and amortization	124,729	124,729

409,483 - 409,483

OPERATING INCOME 190,781 - 190,781

OTHER INCOME (EXPENSE)

Interest expense	(54,360)	(54,360)
Income from unconsolidated cellular entity	1,736	1,736
Other income and expense	(1,076)	(1,076)
Income tax expense	(46,102)	2,527(4) (48,629)

NET INCOME 90,979 2,527 88,452

BASIC EARNINGS PER SHARE 0.63 0.02 0.61
 DILUTED EARNINGS PER SHARE 0.63 0.02 0.61

SHARES OUTSTANDING

Basic	143,897	143,897
Diluted	145,171	145,171

DIVIDENDS PER COMMON SHARE 0.055 0.055

Increase
 (decrease)
 Increase excluding
 (decrease) nonrecurring

In thousands, except per share amounts as reported items

OPERATING REVENUES

Local service	0.4%	0.4%
Network access	(6.0%)	(4.8%)
Long distance	10.0%	10.0%
Data	12.2%	12.9%
Fiber transport and CLEC	41.3%	41.3%
Other	1.1%	1.1%
	0.6%	1.2%

OPERATING EXPENSES

Cost of services and products	0.4%	0.4%
Selling, general and administrative	14.4%	14.4%
Depreciation and amortization	(8.7%)	1.9%
	0.9%	4.1%

OPERATING INCOME 0.0% (5.0%)

OTHER INCOME (EXPENSE)

Interest expense	(4.0%)	(4.0%)
Income from unconsolidated cellular entity	11.1%	11.1%
Other income and expense	(23.6%)	(163.0%)
Income tax expense	16.3%	3.8%

NET INCOME (5.3%) (8.3%)

BASIC EARNINGS PER SHARE 1.6% (1.6%)
DILUTED EARNINGS PER SHARE 0.0% (1.6%)

SHARES OUTSTANDING

Basic	(6.3%)	(6.3%)
Diluted	(6.5%)	(6.5%)

DIVIDENDS PER COMMON SHARE 4.5% 4.5%

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect.
- (2) - Impairment of nonoperating investment.
- (3) - Tax effect of items (1) and (2).
- (4) - Net out of period income tax adjustments.

CenturyTel, Inc.

CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(UNAUDITED)

Nine months ended
September 30, 2004

As

		adjusted		
		Less	excluding	
		non-	non-	
	As	recurring	recurring	
In thousands, except per share amounts	reported	items	items	
	-----	-----	-----	
OPERATING REVENUES				
Local service	\$ 537,993		537,993	
Network access	723,994	(3,091)(1)	727,085	
Long distance	140,059		140,059	
Data	203,367	(422)(1)	203,789	
Fiber transport and CLEC	54,866		54,866	
Other	140,859		140,859	
	-----		-----	
	1,801,138	(3,513)	1,804,651	
	-----		-----	
OPERATING EXPENSES				
Cost of services and products	562,775		562,775	
Selling, general and administrative	302,426		302,426	
Depreciation and amortization	371,600	(13,221)(1)	384,821	
	-----		-----	
	1,236,801	(13,221)	1,250,022	
	-----		-----	
OPERATING INCOME	564,337	9,708	554,629	
OTHER INCOME (EXPENSE)				
Interest expense	(157,806)		(157,806)	
Income from unconsolidated cellular entity	6,114		6,114	
Other income and expense	(2,329)	(1,500)(2)	(829)	
Income tax expense	(157,561)	(3,151)(3)	(154,410)	
	-----		-----	
NET INCOME	\$ 252,755	5,057	247,698	
	=====	=====	=====	
BASIC EARNINGS PER SHARE	\$ 1.82	0.04	1.79	
DILUTED EARNINGS PER SHARE	\$ 1.81	0.04	1.78	
SHARES OUTSTANDING				
Basic	138,512		138,512	
Diluted	139,324		139,324	
DIVIDENDS PER COMMON SHARE	\$ 0.1725		0.1725	

Nine months ended
September 30, 2003

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

OPERATING REVENUES

Local service	534,509	534,509
Network access	747,307	747,307
Long distance	130,968	130,968
Data	180,816	180,816
Fiber transport and CLEC	28,461	28,461
Other	142,946	142,946
	-----	-----
	1,765,007	- 1,765,007
	-----	-----

OPERATING EXPENSES

Cost of services and products	552,013	552,013
Selling, general and administrative	272,900	(4,959)(4) 277,859
Depreciation and amortization	376,159	376,159
	-----	-----
	1,201,072	(4,959) 1,206,031
	-----	-----

OPERATING INCOME 563,935 4,959 558,976

OTHER INCOME (EXPENSE)

Interest expense	(165,909)	(165,909)
Income from unconsolidated cellular entity	4,895	4,895
Other income and expense	(1,034)	(1,034)
Income tax expense	(139,622)	791(5) (140,413)

NET INCOME 262,265 5,750 256,515

=====

BASIC EARNINGS PER SHARE 1.83 0.04 1.79
DILUTED EARNINGS PER SHARE 1.82 0.04 1.78

SHARES OUTSTANDING

Basic	143,370	143,370
Diluted	144,481	144,481

DIVIDENDS PER COMMON SHARE 0.165 0.165

Increase
(decrease)

Increase excluding
(decrease) nonrecurring

In thousands, except per share amounts as reported items

OPERATING REVENUES

Local service	0.7%	0.7%
Network access	(3.1%)	(2.7%)
Long distance	6.9%	6.9%
Data	12.5%	12.7%
Fiber transport and CLEC	92.8%	92.8%
Other	(1.5%)	(1.5%)
	2.0%	2.2%

OPERATING EXPENSES

Cost of services and products	1.9%	1.9%
Selling, general and administrative	10.8%	8.8%
Depreciation and amortization	(1.2%)	2.3%
	3.0%	3.6%

OPERATING INCOME 0.1% (0.8%)

OTHER INCOME (EXPENSE)

Interest expense	(4.9%)	(4.9%)
Income from unconsolidated cellular entity	24.9%	24.9%
Other income and expense	125.2%	(19.8%)
Income tax expense	12.8%	10.0%

NET INCOME (3.6%) (3.4%)

BASIC EARNINGS PER SHARE (0.5%) 0.0%

DILUTED EARNINGS PER SHARE (0.5%) 0.0%

SHARES OUTSTANDING

Basic	(3.4%)	(3.4%)
Diluted	(3.6%)	(3.6%)

DIVIDENDS PER COMMON SHARE 4.5% 4.5%

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect.
- (2) - Impairment of nonoperating investment.
- (3) - Tax effect of items (1) and (2).
- (4) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy.
- (5) - Net out of period income tax adjustments (\$2.5 million credit), net of tax expense effect of item (4).

CenturyTel, Inc.

CONSOLIDATED BALANCE SHEETS
 SEPTEMBER 30, 2004 AND DECEMBER 31, 2003
 (UNAUDITED)

September 30, December 31,
 2004 2003

 (in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 168,975	203,181
Other current assets	261,861	259,758

Total current assets	430,836	462,939

NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	7,333,871	7,184,155
Accumulated depreciation	(3,998,332)	(3,728,674)

Net property, plant and equipment	3,335,539	3,455,481

INVESTMENTS AND OTHER ASSETS

Goodwill	3,430,302	3,425,001
Other	593,657	552,431

Total investments and other assets	4,023,959	3,977,432

TOTAL ASSETS	\$ 7,790,334	7,895,852
	=====	=====

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 121,156	72,453
Other current liabilities	418,930	398,930

Total current liabilities	540,086	471,383

LONG-TERM DEBT	2,900,964	3,109,302
DEFERRED CREDITS AND OTHER LIABILITIES	941,539	836,651
STOCKHOLDERS' EQUITY	3,407,745	3,478,516

TOTAL LIABILITIES AND EQUITY	\$ 7,790,334	7,895,852
	=====	=====

CenturyTel, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

Three months ended
September 30, 2004

		As adjusted		
		Less	excluding	
		non-	non-	
In thousands		As	recurring	recurring
		reported	items	items
		-----	-----	-----
Operating cash flow and cash flow margin				
Operating income	\$ 190,869	9,708(1)	181,161	
Add: Depreciation and amortization	113,857	(13,221)(1)	127,078	

Operating cash flow	\$ 304,726	(3,513)	308,239	
		=====	=====	=====
Revenues	\$ 603,879	(3,513)(1)	607,392	
		=====	=====	=====
Operating income margin (operating income divided by revenues)	31.6%		29.8%	

	=====	=====
Operating cash flow margin (operating cash flow divided by revenues)	50.5%	50.7%
	=====	=====

Free cash flow (prior to debt service requirements and dividends)			
Net income	\$ 86,192	5,057(2)	81,135
Add: Depreciation and amortization	113,857	(13,221)(1)	127,078
Less: Capital expenditures	(97,583)	-	(97,583)

Free cash flow	\$ 102,466	(8,164)	110,630
	=====	=====	=====

Free cash flow	\$ 102,466
Income from unconsolidated cellular entity	(1,929)
Deferred income taxes	18,370
Changes in current assets and current liabilities	13,622
Increase in other noncurrent assets	(8,565)
Decrease in other noncurrent liabilities	(1,152)
Retirement benefits	5,137
Other, net	6,904
Add: Capital expenditures	97,583

Net cash provided by operating
activities \$ 232,436

Three months ended
September 30, 2003

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

Operating cash flow and cash flow margin

Operating income	190,781	-	190,781
Add: Depreciation and amortization	124,729		124,729

Operating cash flow	315,510	-	315,510
---------------------	---------	---	---------

Revenues	600,264	-	600,264
----------	---------	---	---------

Operating income margin (operating income divided by revenues)	31.8%		31.8%
--	-------	--	-------

Operating cash flow margin (operating cash flow divided by revenues)	52.6%		52.6%
--	-------	--	-------

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

Net income	90,979	2,527(3)	88,452
Add: Depreciation and amortization	124,729	-	124,729
Less: Capital expenditures	(102,201)	-	(102,201)

Free cash flow	113,507	2,527	110,980
----------------	---------	-------	---------

Free cash flow	113,507
Income from unconsolidated cellular entity	(1,736)
Deferred income taxes	24,181
Changes in current assets and current liabilities	12,604
Increase in other noncurrent assets	(6,779)
Decrease in other noncurrent liabilities	(5,483)
Retirement benefits	13,721
Other, net	(2,867)
Add: Capital expenditures	102,201

Net cash provided by operating activities	249,349
---	---------

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect (presented on a pre-tax basis).
- (2) - Adjustment for overdepreciated assets, including related revenue effect, and impairment of nonoperating investment (presented on an after-tax basis).
- (3) - Net out of period income tax adjustments.

CenturyTel, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

	Nine months ended September 30, 2004		

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

Operating cash flow and cash flow margin			
Operating income	\$ 564,337	9,708(1)	554,629
Add: Depreciation and amortization	371,600	(13,221)(1)	384,821

Operating cash flow	\$ 935,937	(3,513)	939,450
	=====		
Revenues	\$1,801,138	(3,513)(1)	1,804,651
	=====		
Operating income margin (operating income divided by revenues)	31.3%		30.7%
	=====		=====
Operating cash flow margin (operating cash flow divided by revenues)	52.0%		52.1%
	=====		=====

Free cash flow (prior to debt

service requirements and dividends)			
Net income	\$ 252,755	5,057(2)	247,698
Add: Depreciation and amortization	371,600	(13,221)(1)	384,821
Less: Capital expenditures	(253,597)	-	(253,597)

Free cash flow	\$ 370,758	(8,164)	378,922
	=====	=====	=====

Free cash flow	\$ 370,758
Income from unconsolidated cellular entity	(6,114)
Deferred income taxes	75,408
Changes in current assets and current liabilities	45,892
Increase in other noncurrent assets	(26,474)
Decrease in other noncurrent liabilities	(4,696)
Retirement benefits	23,000
Other, net	4,423
Add: Capital expenditures	253,597

Net cash provided by operating activities	\$ 735,794
	=====

Nine months ended
September 30, 2003

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

Operating cash flow and cash flow margin			
Operating income	563,935	4,959(3)	558,976
Add: Depreciation and amortization	376,159		376,159

Operating cash flow	940,094	4,959	935,135
	=====	=====	=====
Revenues	1,765,007	-	1,765,007

Operating income margin (operating
income divided by revenues) 32.0% 31.7%

Operating cash flow margin
(operating cash flow divided by
revenues) 53.3% 53.0%

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

Net income	262,265	5,750(4)	256,515
Add: Depreciation and amortization	376,159	-	376,159
Less: Capital expenditures	(256,459)	-	(256,459)
Free cash flow	381,965	5,750	376,215

Free cash flow	381,965
Income from unconsolidated cellular entity	(4,895)
Deferred income taxes	68,022
Changes in current assets and current liabilities	128,431
Increase in other noncurrent assets	(18,280)
Decrease in other noncurrent liabilities	(4,790)
Retirement benefits	25,597
Other, net	(4,087)
Add: Capital expenditures	256,459
Net cash provided by operating activities	828,422

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect (presented on a pre-tax basis).
- (2) - Adjustment for overdepreciated assets, including related revenue effect, and impairment of nonoperating investment (presented on an after-tax basis).
- (3) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy (presented on a pre-tax basis).

(4) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy (presented on an after-tax basis) and net out of period income tax adjustments of \$2.5 million.

MULTIMEDIA AVAILABLE:

<http://www.businesswire.com/cgi-bin/mmg.cgi?eid=4753071>

CONTACT: CenturyTel Inc.
, Monroe

Media: Patricia Cameron, 318-388-9674

patricia.cameron@centurytel.com

or

Investors: Tony Davis, 318-388-9525

tony.davis@centurytel.com

SOURCE: CenturyTel, Inc.