



NEWS RELEASE

CenturyTel Reports Third Quarter Earnings

2006-11-02

MONROE, La.--(BUSINESS WIRE)--

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

- Operating revenues, excluding nonrecurring items, were \$619.4 million compared to \$657.1 million for third quarter 2005. (Third quarter 2005 revenues included the recognition of \$35.9 million of prior period revenue settlements.) Reported under GAAP, third quarter 2006 operating revenues were \$620.1 million.
- Net income, excluding nonrecurring items, was \$78.1 million compared to \$99.0 million in third quarter 2005. Reported under GAAP, third quarter 2006 net income was \$76.5 million.
- Diluted earnings per share, excluding nonrecurring items, was \$.66 compared to \$.74 in third quarter 2005. Reported under GAAP, third quarter 2006 diluted earnings per share was \$.65.
- Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$125.3 million in third quarter 2006 compared to \$127.5 million in third quarter 2005.
- Over 1.7 million shares were repurchased and retired for \$67.6 million during the quarter.

(Excluding nonrecurring items)

(In thousands, except per

share amounts and customer
units) Quarter Ended Quarter Ended
 9/30/06 9/30/05 % Change

Operating Revenues	\$619,432	\$657,085	(5.7)%
Operating Cash Flow (1)	\$301,644	\$340,621	(11.4)%
Net Income	\$78,087	\$98,977	(21.1)%
Diluted Earnings Per Share	\$.66	\$.74	(10.8)%
Average Diluted Shares			
Outstanding	120,448	135,916	(11.4)%
Capital Expenditures	\$82,579	\$105,044	(21.4)%
Telephone Access Lines	2,124,000	2,250,000	(5.6)%
High-speed Internet Customers	340,000 (2)	220,000	54.5%(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) Telephone Access Lines at 9/30/2006 reflect the removal of approximately 24,000 test lines and a positive adjustment of approximately 9,000 lines related to database conversion and clean-up. Excluding the impact of these two one-time adjustments, access line losses for third quarter 2006 were approximately 29,000 and year-over-year line loss was 5.0%.

"CenturyTel's revenue and diluted earnings per share during the third quarter exceeded our expectations," Glen F. Post, III, chairman and chief executive officer, said. "These solid results were driven by continued growth in data revenues and bundled services along with effective cost containment by our employees."

Operating revenues, excluding nonrecurring items, for third quarter 2006 were \$619.4 million compared to \$657.1 million in third quarter 2005. This \$37.7 million decrease was primarily due to \$32.2 million lower prior period revenue settlements in third quarter 2006 than in third quarter 2005. The remaining \$5.5 million decline primarily reflects the revenue impact of access line losses and lower access revenues which more than offset revenue growth related to an increase in the number of high-speed Internet subscribers and growth in data revenues.

Operating cash flow, excluding nonrecurring items, decreased to \$301.6 million from \$340.6 million primarily due to the lower prior period revenue settlements and other revenue impacts discussed above. For third quarter 2006, CenturyTel achieved an operating cash flow margin of 48.7% versus 51.8% in third quarter 2005.

Net income, excluding nonrecurring items, was \$78.1 million in third quarter 2006 compared to \$99.0 million in third quarter 2005. The decrease was primarily driven by the after-tax impact of the decline in prior period revenue settlements discussed above. Diluted earnings per share, excluding nonrecurring items, was \$.66 for third quarter 2006, a 10.8% decrease from the \$.74 reported in third quarter 2005. This decrease was driven by lower net income, which was partially offset by the 11.4% decline in average diluted shares outstanding that was a result of share repurchases since third quarter 2005.

"We generated more than \$125 million of free cash flow during the quarter and returned more than \$100 million of cash to shareholders through the settlement of accelerated share repurchase agreements, cash dividends and the repurchase and retirement of more than 1.7 million shares of common stock," Post said.

For the first nine months of 2006, operating revenues, excluding nonrecurring items, decreased to \$1.839 billion from \$1.859 billion for the same period in 2005. Operating cash flow, excluding nonrecurring items, was \$896.3 million for the first nine months of 2006 compared to \$966.0 million a year ago. Net income, excluding nonrecurring items, was \$224.1 million in the first nine months of 2006 compared to \$264.1 million during the same period in 2005. Diluted earnings per share, excluding nonrecurring items, was \$1.85 during the first nine months of 2006 compared to \$1.97 in the first nine months of 2005.

Under generally accepted accounting principles (GAAP), net income for third quarter 2006 was \$76.5 million compared to \$91.4 million for third quarter 2005 and diluted earnings per share for third quarter 2006 was \$.65 compared to \$.68 for third quarter 2005. Third quarter 2006 net income and diluted earnings per share reflect a net after-tax charge of \$1.6 million (\$.01 per share) related to a reduction in workforce during the quarter. Third quarter 2005 net income and diluted earnings per share reflect a net after-tax charge of \$7.6 million (\$.06 per share) from expenses associated with Hurricanes Katrina and Rita and transactions related to certain non-operating investments.

Net income under GAAP for the first nine months of 2006 was \$298.3 million compared to \$256.1 million for the first nine months of 2005 and diluted earnings per share for the first nine months of 2006 was \$2.45 compared to \$1.91 for the first nine months of 2005. See the accompanying financial schedules for detail of the Company's nonrecurring items for the nine months ended September 30, 2006 and 2005.

Outlook. For fourth quarter 2006, CenturyTel expects total revenues of \$605 to \$615 million and diluted earnings per share of \$.60 to \$.65. As a result of better than anticipated third quarter performance, the Company has increased and narrowed the range of anticipated full year 2006 diluted earnings per share guidance from \$2.35 to \$2.45 to \$2.45 to \$2.50.

CenturyTel expects to provide full year 2007 earnings per share guidance in February 2007. The Company has,

however, identified several items that can be expected to affect 2007 results when compared to 2006. First, revenue settlements related to prior periods are anticipated to increase and positively impact 2007 diluted earnings per share by \$.17 to \$.22. This increase will partially offset the impact of anticipated access line losses and continued pressures on access revenues. Additionally, depreciation expense is expected to decline in 2007 due to certain telephone assets becoming fully depreciated. These and other items that may affect 2007 results will be discussed during the Company's fourth quarter 2006 earnings call.

All outlook figures provided under this section are presented excluding the potential impact of any future mergers, acquisitions or divestitures, any share repurchases after October 31, 2006, or other nonrecurring events.

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 866.261.3330. The call will be accessible for replay through November 8, 2006, by calling 888.266.2081 and entering the access code: 978143. 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 23, 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 November 2, 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 SEPTEMBER 30, 2006 AND 2005
 (UNAUDITED)

Three months ended September 30, 2006

In thousands, except per share amounts	As adjusted Less non- non-	As reported	excluding non- recurring items	recurring items
OPERATING REVENUES				
Voice (a)	\$216,180		216,180	
Network access	219,820		560 (1)	219,260
Data	91,473	91 (1)	91,382	

Fiber transport and CLEC	37,487		37,487
Other	55,123		55,123
	-----	-----	
	620,083	651	619,432
	-----	-----	
OPERATING EXPENSES			
Cost of services and products	226,831	3,092 (1)	223,739
Selling, general and administrative	94,212	163 (1)	94,049
Depreciation and amortization	129,840		129,840
	-----	-----	
	450,883	3,255	447,628
	-----	-----	
OPERATING INCOME	169,200	(2,604)	171,804
OTHER INCOME (EXPENSE)			
Interest expense	(47,857)		(47,857)
Income from unconsolidated cellular entity	891		891
Other income (expense)	1,927		1,927
Income tax expense	(47,678)	1,000 (2)	(48,678)
	-----	-----	
NET INCOME	\$76,483	(1,604)	78,087
	=====	=====	=====
BASIC EARNINGS PER SHARE	\$0.66	(0.01)	0.68
DILUTED EARNINGS PER SHARE	\$0.65	(0.01)	0.66
AVERAGE SHARES OUTSTANDING			
Basic	115,221		115,221
Diluted	120,448		120,448
DIVIDENDS PER COMMON SHARE	\$0.0625		0.0625

Three months ended September 30, 2005

As adjusted
Less excluding
non- non-

In thousands, except per share As recurring recurring
amounts reported items items

OPERATING REVENUES

Voice (a)	225,857		225,857
Network access	257,586		257,586
Data	88,911		88,911
Fiber transport and CLEC	36,361		36,361
Other	48,370		48,370
	-----	-----	
	657,085	-	657,085
	-----	-----	

OPERATING EXPENSES

Cost of services and products	222,724	5,853 (3)	216,871
Selling, general and administrative	99,593		99,593
Depreciation and amortization	133,526		133,526
	-----	-----	
	455,843	5,853	449,990
	-----	-----	

OPERATING INCOME 201,242 (5,853) 207,095

OTHER INCOME (EXPENSE)

Interest expense	(49,904)		(49,904)
Income from unconsolidated cellular entity	1,270		1,270
Other income (expense)	(4,214)	(6,429)(4)	2,215
Income tax expense	(56,983)	4,716 (5)	(61,699)

NET INCOME 91,411 (7,566) 98,977

BASIC EARNINGS PER SHARE 0.70 (0.06) 0.76
DILUTED EARNINGS PER SHARE 0.68 (0.06) 0.74

AVERAGE SHARES OUTSTANDING

Basic	130,150		130,150
Diluted	135,916		135,916

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)	(4.3%)	(4.3%)
Network access	(14.7%)	(14.9%)
Data	2.9%	2.8%
Fiber transport and CLEC		3.1% 3.1%
Other	14.0%	14.0%
	(5.6%)	(5.7%)

OPERATING EXPENSES

Cost of services and products	1.8%	3.2%
Selling, general and administrative	(5.4%)	(5.6%)
Depreciation and amortization	(2.8%)	(2.8%)
	(1.1%)	(0.5%)

OPERATING INCOME (15.9%) (17.0%)

OTHER INCOME (EXPENSE)

Interest expense	(4.1%)	(4.1%)
Income from unconsolidated cellular entity	(29.8%)	(29.8%)
Other income (expense)	(145.7%)	(13.0%)
Income tax expense	(16.3%)	(21.1%)

NET INCOME (16.3%) (21.1%)

BASIC EARNINGS PER SHARE (5.7%) (10.5%)

DILUTED EARNINGS PER SHARE (4.4%) (10.8%)

AVERAGE SHARES OUTSTANDING

Basic	(11.5%)	(11.5%)
Diluted	(11.4%)	(11.4%)

DIVIDENDS PER COMMON SHARE 4.2% 4.2%

NONRECURRING ITEMS

(1) - Severance and related costs due to workforce reduction, including revenue impact.

(2) - Tax effect of Item (1).

(3) - Expenses associated with Hurricanes Katrina and Rita.

(4) - Includes (i) \$9.9 million impairment of nonoperating investment, net of (ii) \$3.5 million gain on sale of a separate nonoperating investment.

(5) - Tax effect of Items (3) and (4).

(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
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(UNAUDITED)

Nine months ended September 30, 2006

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

OPERATING REVENUES

Voice (a)	\$650,415		650,415	
Network access	666,652	1,688 (1)	664,964	
Data	259,158	275 (1)	258,883	
Fiber transport and CLEC	109,318		109,318	
Other	155,320		155,320	
	-----	-----		
	1,840,863	1,963	1,838,900	
	-----	-----		

OPERATING EXPENSES

Cost of services and products	666,249	8,585 (1)	657,664	
Selling, general and administrative	285,748	845 (1)	284,903	
Depreciation and amortization	396,225		396,225	
	-----	-----		
	1,348,222	9,430	1,338,792	
	-----	-----		

OPERATING INCOME	492,641	(7,467)	500,108	
------------------	---------	---------	---------	--

OTHER INCOME (EXPENSE)

Interest expense	(148,582)		(148,582)	
------------------	-----------	--	-----------	--

Income from unconsolidated cellular entity	5,040	5,040	
Other income (expense)	125,834	118,649	(2) 7,185
Income tax expense	(176,657)	(36,976)	(3) (139,681)

NET INCOME	\$298,276	74,206	224,070
------------	-----------	--------	---------

BASIC EARNINGS PER SHARE	\$2.53	0.63	1.90
DILUTED EARNINGS PER SHARE	\$2.45	0.60	1.85

AVERAGE SHARES OUTSTANDING

Basic	117,685	117,685
Diluted	123,348	123,348

DIVIDENDS PER COMMON SHARE	\$0.1875	0.1875
----------------------------	----------	--------

Nine months ended September 30, 2005

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

OPERATING REVENUES

Voice (a)	672,065	672,065
Network access	727,268	727,268
Data	237,866	237,866
Fiber transport and CLEC	78,240	78,240
Other	143,341	143,341
	1,858,780	- 1,858,780

OPERATING EXPENSES

Cost of services and products	609,590	5,853	(4) 603,737
Selling, general and administrative	289,053	289,053	
Depreciation and amortization	396,153	396,153	
	1,294,796	5,853	1,288,943

OPERATING INCOME	563,984	(5,853)	569,837
------------------	---------	---------	---------

OTHER INCOME (EXPENSE)

Interest expense	(152,176)	(1,196)(5)	(150,980)
Income from unconsolidated cellular entity	3,307	3,307	
Other income (expense)	(1,459)	(8,003)(6)	6,544
Income tax expense	(157,511)	7,111 (7)	(164,622)

NET INCOME	256,145	(7,941)	264,086
------------	---------	---------	---------

BASIC EARNINGS PER SHARE	1.95	(0.06)	2.02
DILUTED EARNINGS PER SHARE	1.91	(0.06)	1.97

AVERAGE SHARES OUTSTANDING

Basic	130,877	130,877
Diluted	136,143	136,143

DIVIDENDS PER COMMON SHARE	0.1800	0.1800
----------------------------	--------	--------

Increase
(decrease)

Increase excluding
(decrease) nonrecurring

In thousands, except per share amounts as reported items

OPERATING REVENUES

Voice (a)	(3.2%)	(3.2%)
Network access	(8.3%)	(8.6%)
Data	9.0%	8.8%
Fiber transport and CLEC		39.7%
Other	8.4%	8.4%
	(1.0%)	(1.1%)

OPERATING EXPENSES

Cost of services and products	9.3%	8.9%
Selling, general and administrative	(1.1%)	(1.4%)
Depreciation and amortization	0.0%	0.0%
	4.1%	3.9%

OPERATING INCOME	(12.6%)	(12.2%)
------------------	---------	---------

OTHER INCOME (EXPENSE)

Interest expense	(2.4%)	(1.6%)
------------------	--------	--------

Income from unconsolidated cellular entity	52.4%	52.4%
Other income (expense)	(8724.7%)	9.8%
Income tax expense	12.2%	(15.2%)

NET INCOME 16.4% (15.2%)

BASIC EARNINGS PER SHARE 29.7% (5.9%)
DILUTED EARNINGS PER SHARE 28.3% (6.1%)

AVERAGE SHARES OUTSTANDING

Basic	(10.1%)	(10.1%)
Diluted	(9.4%)	(9.4%)

DIVIDENDS PER COMMON SHARE 4.2% 4.2%

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 \$43.4 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) - 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 \$9.9 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 a separate nonoperating investment and \$3.2 million of interest income related to the settlement of various income tax audits.

(7) - Includes (i) \$5.8 million net tax benefit of Items (4), (5) and (6) 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
SEPTEMBER 30, 2006 AND DECEMBER 31, 2005
(UNAUDITED)

September 30, December 31,
2006 2005

(in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$32,694	158,846
Other current assets	235,852	264,170

Total current assets	268,546	423,016

NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	7,866,852	7,801,377
Accumulated depreciation	(4,736,812)	(4,496,891)

Net property, plant and equipment	3,130,040	3,304,486

GOODWILL AND OTHER ASSETS

Goodwill	3,431,136	3,432,649
Other	575,904	602,556

Total goodwill and other assets	4,007,040	4,035,205

TOTAL ASSETS	\$7,405,626	7,762,707
	=====	=====

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$194,117	276,736
Other current liabilities	420,093	469,494

Total current liabilities	614,210	746,230

LONG-TERM DEBT	2,417,807	2,376,070
DEFERRED CREDITS AND OTHER LIABILITIES	1,068,570	1,023,134

STOCKHOLDERS' EQUITY	3,305,039	3,617,273

TOTAL LIABILITIES AND EQUITY	\$7,405,626	7,762,707
=====		

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

Three months ended September 30, 2006

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

Operating cash flow and cash flow margin			
Operating income	\$169,200	(2,604)(1)	171,804
Add: Depreciation and amortization	129,840	-	129,840

Operating cash flow	\$299,040	(2,604)	301,644
=====			
Revenues	\$620,083	651 (1)	619,432
=====			
Operating income margin (operating income divided by revenues)	27.3%		27.7%
=====			
Operating cash flow margin (operating cash flow divided by revenues)	48.2%		48.7%
=====			

Free cash flow (prior to debt service requirements and

dividends)			
Net income	\$76,483	(1,604)(1)	78,087
Add: Depreciation and amortization	129,840	-	129,840
Less: Capital expenditures	(82,579)	-	(82,579)
	-----	-----	
Free cash flow	\$123,744	(1,604)	125,348
	=====	=====	=====

Free cash flow	\$123,744
Gain on asset dispositions	-
Income from unconsolidated cellular entity	(891)
Deferred income taxes	11,361
Changes in current assets and current liabilities	(13,935)
(Increase) decrease in other noncurrent assets	4,427
Increase (decrease) in other noncurrent liabilities	(2,052)
Retirement benefits	10,406
Excess tax benefits from share-based compensation	(2,913)
Other, net	3,465
Add: Capital expenditures	82,579

Net cash provided by
operating activities \$216,191
=====

Three months ended September 30, 2005

In thousands	As reported	As adjusted		
		Less non- recurring items	excluding non- recurring items	
Operating cash flow and cash flow margin				
Operating income	201,242	(5,853)(2)		207,095
Add: Depreciation and amortization	133,526			133,526
	-----	-----		
Operating cash flow	334,768	(5,853)		340,621
	=====	=====		=====

Revenues	657,085	-	657,085
	=====	=====	=====

Operating income margin (operating income divided by revenues)	30.6%		31.5%
	=====		=====

Operating cash flow margin (operating cash flow divided by revenues)	50.9%		51.8%
	=====		=====

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

Net income	91,411	(7,566)(3)	98,977
Add: Depreciation and amortization	133,526	-	133,526
Less: Capital expenditures	(105,044)	-	(105,044)
	-----	-----	
Free cash flow	119,893	(7,566)	127,459
	=====	=====	=====

Free cash flow	119,893
Gain on asset dispositions	(3,500)
Income from unconsolidated cellular entity	(1,270)
Deferred income taxes	7,471
Changes in current assets and current liabilities	10,413
(Increase) decrease in other noncurrent assets	(2,730)
Increase (decrease) in other noncurrent liabilities	3,080
Retirement benefits	1,472
Excess tax benefits from share-based compensation	-
Other, net	14,583
Add: Capital expenditures	105,044

Net cash provided by operating activities	254,456
	=====

NONRECURRING ITEMS

(1) - Severance and related costs due to workforce reduction, including revenue impact (presented on both a pre-tax and an after-tax basis).

(2) - Expenses associated with Hurricanes Katrina and Rita (presented on a pre-tax basis).

(3) - Includes (i) a \$6.1 million after-tax expense from impairment of non-operating investment and a \$3.6 million after-tax expense associated with Hurricanes Katrina and Rita, net of (ii) a \$2.2 million after-tax gain on sale of a separate non-operating investment.

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

Nine months ended September 30, 2006

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

Operating cash flow and cash flow margin			
Operating income	\$492,641	(7,467)(1)	500,108
Add: Depreciation and amortization	396,225	-	396,225
	-----	-----	
Operating cash flow	\$888,866	(7,467)	896,333
	=====	=====	=====
Revenues	\$1,840,863	1,963 (1)	1,838,900
	=====	=====	=====
Operating income margin (operating income divided by revenues)	26.8%		27.2%
	=====		=====

Operating cash flow margin (operating cash flow divided by revenues)	48.3%	48.7%
	=====	=====

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

Net income	\$298,276	74,206 (2)	224,070
Add: Depreciation and amortization	396,225	-	396,225
Less: Capital expenditures	(213,034)	-	(213,034)
	-----	-----	
Free cash flow	\$481,467	74,206	407,261
	=====	=====	=====

Free cash flow	\$481,467
Gain on asset dispositions	(118,649)
Income from unconsolidated cellular entity	(5,040)
Deferred income taxes	33,713
Changes in current assets and current liabilities	(14,241)
(Increase) decrease in other noncurrent assets	5,396
Increase (decrease) in other noncurrent liabilities	(502)
Retirement benefits	25,332
Excess tax benefits from share-based compensation	(7,860)
Other, net	9,858
Add: Capital expenditures	213,034

Net cash provided by operating activities	\$622,508
	=====

Nine months ended September 30, 2005

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

Operating cash flow and cash

flow margin			
Operating income	563,984	(5,853)(3)	569,837
Add: Depreciation and amortization	396,153		396,153
	-----	-----	
Operating cash flow	960,137	(5,853)	965,990
	=====	=====	=====
Revenues	1,858,780		1,858,780
	=====	=====	=====
Operating income margin (operating income divided by revenues)	30.3%		30.7%
	=====		=====
Operating cash flow margin (operating cash flow divided by revenues)	51.7%		52.0%
	=====		=====

Free cash flow (prior to debt service requirements and dividends)			
Net income	256,145	(7,941)(4)	264,086
Add: Depreciation and amortization	396,153		396,153
Less: Capital expenditures	(281,958)		(281,958)
	-----	-----	
Free cash flow	370,340	(7,941)	378,281
	=====	=====	=====

Free cash flow	370,340
Gain on asset dispositions	(3,500)
Income from unconsolidated cellular entity	(3,307)
Deferred income taxes	33,418
Changes in current assets and current liabilities	29,367
(Increase) decrease in other noncurrent assets	(4,207)
Increase (decrease) in other noncurrent liabilities	2,496
Retirement benefits	13,989
Excess tax benefits from share-based compensation	-
Other, net	12,815

Add: Capital expenditures 281,958

Net cash provided by
operating activities 733,369

=====

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) \$4.6 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) - Expenses associated with Hurricanes Katrina and Rita (presented on a pre-tax basis).

(4) - Includes (i) a \$6.1 million after-tax expense from impairment of non-operating 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 non-operating investment.

Source: CenturyTel, Inc.

Contact: CenturyTel, Inc. Media: Patricia Cameron, 318-388-9674 patricia.cameron@centurytel.com or Investors: Tony Davis, 318-388-9525 tony.davis@centurytel.com