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CENTURYTEL INC
Form 8-K
October 30, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 30, 2003

CenturyTel, Inc.

(Exact name of registrant as specified in its charter)

Louisiana (State or other jurisdiction of incorporation)	1-7784 (Commission File Number)	72-0651161 (IRS Employer Identification No.)
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100 CenturyTel Drive, Monroe, Louisiana (Address of principal executive offices)	71203 (Zip Code)
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Registrant's telephone number, including area code (318) 388-9000

ITEM 12. Results of Operations and Financial Condition

The following information, except for our forecasts for the upcoming quarter and for 2003 and except for our references to non-GAAP financial measures (as defined in Regulation G promulgated by the Securities and Exchange Commission), shall be deemed incorporated by reference into any registration statement heretofore or hereafter filed by us under the Securities Act of 1933, as amended, except to the extent that such incorporated information is superceded by information as of a subsequent date that is included in or incorporated by reference into any such registration statement. None of the following information shall be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

On October 30, 2003, we issued a press release announcing our third quarter 2003 consolidated operating results. More complete information on our operating results will be included in our Quarterly Report on Form 10-Q for the period ended September 30, 2003, which we expect to file shortly with the Securities and Exchange Commission. The entire text of our October 30, 2003 press release is reproduced below:

FOR IMMEDIATE RELEASE
October 30, 2003

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CenturyTel Announces Third Quarter Earnings

Monroe, LA. . . CenturyTel, Inc. (NYSE Symbol: CTL) announces operating results for third quarter 2003.

- o Revenues from continuing operations, excluding nonrecurring items, increased 13.5% to \$603.8 million from \$532.1 million, while GAAP revenues from continuing operations increased 15.1% to \$603.8 million from \$524.5 million.
- o Operating Cash Flow (OCF) from continuing operations (defined as operating income plus depreciation and amortization), excluding nonrecurring items, rose 12.7% to \$307.6 million.
- o Net income, excluding nonrecurring items, grew 9.1% to \$88.5 million. Reported under GAAP, net income was \$91.0 million.
- o Diluted earnings per share, excluding nonrecurring items, increased 7.0% to \$.61, while GAAP diluted earnings per share was \$.63 in third quarter 2003.
- o Free cash flow, excluding nonrecurring items, climbed to \$103.1 million from \$89.9 million.

Third Quarter Highlights (1) (In thousands, except per share and customer amounts)	Quarter Ended 9/30/03	Quarter Ended 9/30/02	% Change
Revenues from continuing operations	\$ 603,752	\$ 532,142	13.5%
OCF from continuing operations	\$ 307,638	\$ 272,875 (2)	12.7%
Income from continuing operations	\$ 88,452	\$ 69,558 (2)	27.2%
Net Income	\$ 88,452	\$ 81,093	9.1%
Diluted Earnings Per Share from continuing operations	\$.61	\$.49	24.5%
Diluted Earnings Per Share	\$.61	\$.57	7.0%
Average Diluted Shares Outstanding	145,171	142,770	1.7%
Telephone Revenues	\$ 521,439	\$ 468,580	11.3%
Other Operations Revenues	\$ 82,313	\$ 63,562	29.5%
Telephone Access Lines	2,394,623	2,437,744	(1.8)%
Long Distance Customers	745,204	584,890	27.4%

(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. For 2002, these results reflect only one month of operations of the Company's Missouri telephone properties acquired from Verizon on August 31, 2002.

(2) Includes corporate overheads previously allocated to discontinued operations.

"CenturyTel again achieved solid results that reflect our focus on bringing quality communications services to customers in rural areas and smaller cities while driving revenue and controlling costs," Glen F. Post, III, chairman and chief executive officer, said. "We are pleased with our ability to sustain revenue and earnings growth in the currently challenging industry and economic environment."

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Consolidated revenues from continuing operations, excluding nonrecurring items, for the third quarter rose 13.5% to \$603.8 million from \$532.1 million, primarily due to contributions from the Missouri properties acquired from Verizon on August 31, 2002. Operating cash flow from continuing operations, excluding nonrecurring items, grew to \$307.6 million from \$272.9 million, a 12.7% increase. The Company achieved a consolidated cash flow margin, excluding nonrecurring items, of 51.0% for the quarter versus 51.3% in third quarter 2002. Income from continuing operations for the quarter, excluding nonrecurring items, increased 27.2% to \$88.5 million from \$69.6 million in third quarter 2002. Diluted earnings per share from continuing operations, excluding nonrecurring items, increased 24.5% to \$.61 from \$.49. Diluted earnings per share, excluding nonrecurring items, were \$.61 in third quarter 2003 compared to \$.57 in third quarter 2002.

Telephone revenues, excluding nonrecurring items, for third quarter reached \$521.4 million, an 11.3% increase over \$468.6 million in third quarter 2002. The Verizon Missouri properties acquired August 31, 2002, contributed \$44.5 million of the increase. The remaining increase resulted primarily from growth in vertical services and access revenues that more than offset revenue declines due to access line losses. Telephone operating expenses increased primarily due to the Verizon Missouri acquisition. Telephone operating income, excluding nonrecurring items, increased 13.4% to \$172.6 million from \$152.3 million, and telephone operating cash flow, excluding nonrecurring items, rose 10.8% to \$284.3 million from \$256.6 million a year ago. CenturyTel's third quarter 2003 telephone cash flow margin was 54.5% while the operating income margin was 33.1%.

Other operations revenues grew 29.5% to \$82.3 million during third quarter 2003, compared with \$63.6 million in third quarter 2002. CenturyTel's long distance revenues increased 14.2% to \$45.2 million. Internet revenues increased 36.5% to \$20.5 million in third quarter 2003 from \$15.0 million in third quarter 2002. CenturyTel now serves more than 745,200 long distance customers and 76,300 DSL customers, adding more than 24,800 and 8,300 customers, respectively, during the quarter. Fiber transport revenues increased \$6.9 million, primarily due to the June 2003 acquisition of fiber assets from Digital Teleport, Inc.

"People in rural areas want and need advanced communications services similar to those in urban areas. In our markets, we are working to position CenturyTel as the carrier of choice for broadband and other services, which is reflected in CenturyTel's record DSL additions of more than 8,300 customers during the third quarter," Post said.

Under generally accepted accounting principles (GAAP), the Company's net income was \$91.0 million compared to \$607.7 million in 2002, while diluted earnings per share was \$.63 for third quarter 2003 compared to \$4.26 in third quarter 2002. Net income in third quarter 2003 included a net nonrecurring \$2.5 million benefit from out of period income tax adjustments. Net income in third quarter 2002 included a \$551.4 million after-tax gain on the sale of its wireless operations. See the accompanying financial information for additional nonrecurring items that affected the third quarters and first nine months of 2003 and 2002.

For the first nine months of 2003, results from continuing operations benefited from the Alabama and Missouri wireline properties acquired from Verizon in third quarter 2002. Revenues from continuing operations, excluding nonrecurring items, increased to \$1.774 billion from \$1.394 billion for the same period in 2002, a 27.3% increase. Operating cash flow from continuing operations, excluding nonrecurring items, was \$910.6 million for the first nine months of 2003 compared to \$702.7 million a year ago, a 29.6% increase. Income from continuing operations, excluding nonrecurring items, increased 56.9% to \$256.5 million from \$163.4 million in 2002.

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For the fourth quarter 2003, CenturyTel expects total revenues of \$600 to \$615 million and diluted earnings per share of \$.58 to \$.62. For the full year 2003, diluted earnings per share is expected to be in the range of \$2.36 to \$2.40, increased from our previous guidance of \$2.28 to \$2.34. The increase in 2003 earnings per share guidance is driven by our third quarter results exceeding our expectations.

These outlook figures are presented on a GAAP basis, excluding nonrecurring items and the potential impact of any future mergers, acquisitions, divestitures 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 to identify historical and prospective trends. Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial schedules. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available on the Company's Web site at www.centurytel.com. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP.

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 Company's ability to effectively manage its growth, including integrating newly-acquired businesses into the Company's operations, hiring adequate numbers of qualified staff, and successfully upgrading its billing and other information systems; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry; the effects of greater than anticipated competition in the Company's markets; 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; and the effects of more general factors such as changes in interest rates, in general market 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, 2002. 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 30, 2003. The Company undertakes no obligation to update any of its forward-looking statements.

CenturyTel's management will host a conference call at 10:30 A.M. Central time today. Interested parties can access the call by dialing 800.346.2923 and the call will be accessible for replay until 1:30 p.m. CST, November 3, 2003, by calling 800.332.6854 and entering the conference-id number: 3383. Investors can also listen to CenturyTel's earnings conference call and replay by accessing the Company's Web site at www.centurytel.com.

CenturyTel, Inc. provides communications services including local, long distance, Internet access and data services to more than 3 million customers in 22 states. The company, headquartered in Monroe, Louisiana, is publicly traded

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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, 2003 AND 2002
(UNAUDITED)

In thousands, except per share amounts	Three months ended September 30, 2003			Three months ended September 30, 2002		
	As reported	Less non- recurring items	As adjusted excluding non- recurring items	As reported	Less non- recurring items	As adjusted excluding non- recurring items
TELEPHONE OPERATIONS						
Operating revenues						
Local service	\$ 188,951	-	188,951	169,098	-	169,098
Network access	287,191	-	287,191	249,047	(7,645)	(2)
Other	45,297	-	45,297	42,790	-	-
	521,439	-	521,439	460,935	(7,645)	-
Operating expenses						
Plant operations	130,098	-	130,098	117,997	-	-
Customer operations	41,101	-	41,101	41,161	-	-
Corporate and other	65,931	-	65,931	52,774	-	-
Depreciation and amortization	111,666	-	111,666	104,384	-	-
	348,796	-	348,796	316,316	-	-
Telephone operating income	172,643	-	172,643	144,619	(7,645)	-
OTHER OPERATIONS						
Operating revenues						
Long distance	45,207	-	45,207	39,592	-	-
Internet	20,469	-	20,469	14,996	-	-
Other	16,637	-	16,637	8,974	-	-
	82,313	-	82,313	63,562	-	-
Operating expenses						
Cost of sales and other	58,984	-	58,984	45,992	-	-
Depreciation and amortization	5,191	-	5,191	3,130	-	-
	64,175	-	64,175	49,122	-	-
Other operating income	18,138	-	18,138	14,440	-	-

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Corporate overhead costs allocable to discontinued operations	-	-	-	(1,343)	-
<hr/>					
TOTAL OPERATING INCOME	190,781	-	190,781	157,716	(7,645)
OTHER INCOME (EXPENSE)					
Interest expense	(54,360)	-	(54,360)	(60,021)	-
Income from unconsolidated cellular entity	1,736	-	1,736	1,492	-
Other income and expense	(1,076)	-	(1,076)	(573)	-
Income tax expense	(46,102)	2,527 (1)	(48,629)	(34,025)	2,676 (3)
<hr/>					
INCOME FROM CONTINUING OPERATIONS	90,979	2,527	88,452	64,589	(4,969)
DISCONTINUED OPERATIONS, NET OF TAX	-	-	-	543,160	531,625 (4)
<hr/>					
NET INCOME	\$ 90,979	2,527	88,452	607,749	526,656
<hr/> <hr/>					
BASIC EARNINGS PER SHARE					
From continuing operations	\$ 0.63	0.02	0.61	0.46	(0.04)
From discontinued operations	\$ -	-	-	3.83	3.75
Basic earnings per share	\$ 0.63	0.02	0.61	4.29	3.72
DILUTED EARNINGS PER SHARE					
From continuing operations	\$ 0.63	0.02	0.61	0.45	(0.03)
From discontinued operations	\$ -	-	-	3.80	3.72
Diluted earnings per share	\$ 0.63	0.02	0.61	4.26	3.69
SHARES OUTSTANDING					
Basic	143,897		143,897	141,692	
Diluted	145,171		145,171	142,770	
DIVIDENDS PER COMMON SHARE	\$ 0.0550		0.0550	0.0525	

NONRECURRING ITEMS

- (1) - Net out of period income tax adjustments.
- (2) - Reserve for refunds of access charges to interexchange carriers.
- (3) - Tax effect of item (2).
- (4) - Gain on sale of wireless operations (\$551.4 million after tax), net of write down of wireless portion of billing system (\$19.8 million after tax).

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CenturyTel, Inc.
 CONSOLIDATED STATEMENTS OF INCOME
 NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
 (UNAUDITED)

In thousands, except per share amounts	Nine months ended September 30, 2003			Nine months ended September		
	As reported	Less non- recurring items	As adjusted excluding non- recurring items	As reported	Less non- recurring items	As ex re
TELEPHONE OPERATIONS						
Operating revenues						
Local service	\$ 565,599	-	565,599	418,332	-	
Network access	845,999	-	845,999	686,325	(7,645) (3)	
Other	136,191	-	136,191	109,508	-	
	1,547,789	-	1,547,789	1,214,165	(7,645)	1
Operating expenses						
Plant operations	378,587	-	378,587	305,230	-	
Customer operations	124,068	-	124,068	103,484	-	
Corporate and other	189,284	(4,959) (1)	194,243	155,269	15,000 (4)	
Depreciation and amortization	337,250	-	337,250	283,886	-	
	1,029,189	(4,959)	1,034,148	847,869	15,000	
Telephone operating income	518,600	4,959	513,641	366,296	(22,645)	
OTHER OPERATIONS						
Operating revenues						
Long distance	130,968	-	130,968	105,871	-	
Internet	58,345	-	58,345	42,263	-	
Other	37,328	-	37,328	23,818	-	
	226,641	-	226,641	171,952	-	
Operating expenses						
Cost of sales and other	166,896	-	166,896	130,818	-	
Depreciation and amortization	14,410	-	14,410	9,859	-	
	181,306	-	181,306	140,677	-	
Other operating income	45,335	-	45,335	31,275	-	
Corporate overhead costs allocable to discontinued operations	-	-	-	(11,275)	-	
TOTAL OPERATING INCOME	563,935	4,959	558,976	386,296	(22,645)	

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OTHER INCOME (EXPENSE)					
Interest expense	(165,909)	-	(165,909)	(164,826)	-
Income from unconsolidated cellular entity	4,895	-	4,895	3,852	-
Nonrecurring gains and losses	-	-	-	3,709	3,709 (5)
Other income and expense	(1,034)	-	(1,034)	(356)	(3,000) (6)
Income tax expense	(139,622)	791 (2)	(140,413)	(79,487)	7,678 (7)
<hr/>					
INCOME FROM CONTINUING OPERATIONS	262,265	5,750	256,515	149,188	(14,258)
DISCONTINUED OPERATIONS, NET OF TAX	-	-	-	608,091	531,625 (8)
<hr/>					
NET INCOME	\$ 262,265	5,750	256,515	757,279	517,367
<hr/>					
BASIC EARNINGS PER SHARE					
From continuing operations	\$ 1.83	0.04	1.79	1.05	(0.10)
From discontinued operations	\$ -	-	-	4.30	3.76
Basic earnings per share	\$ 1.83	0.04	1.79	5.36	3.66
DILUTED EARNINGS PER SHARE					
From continuing operations	\$ 1.82	0.04	1.78	1.05	(0.10)
From discontinued operations	\$ -	-	-	4.26	3.73
Diluted earnings per share	\$ 1.82	0.04	1.78	5.31	3.63
SHARES OUTSTANDING					
Basic	143,370		143,370	141,324	
Diluted	144,481		144,481	142,710	
DIVIDENDS PER COMMON SHARE	\$ 0.1650		0.1650	0.1575	

NONRECURRING ITEMS

- (1) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy. See Note 4.
- (2) - Net out of period income tax adjustments (\$2.5 million credit), net of tax expense effect of item (1).
- (3) - Reserve for refunds of access charges to interexchange carriers.
- (4) - Reserve for uncollectible receivables, primarily WorldCom.
- (5) - Gain on sale of PCS license.
- (6) - Costs to defend unsolicited takeover proposal.
- (7) - Tax effect of items (3) through (6).
- (8) - Gain on sale of wireless operations (\$551.4 million after-tax), net of write down of wireless portion of billing system (\$19.8 million after-tax).

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SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
(UNAUDITED)

	Sept. 30, 2003	Dec. 31, 2002	

		(in thousands)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 157,944	3,661	
Other current assets	265,057	292,241	
	-----	-----	
Total current assets	423,001	295,902	
	-----	-----	
PROPERTY, PLANT AND EQUIPMENT			
Telephone	6,536,888	6,347,900	
Other	566,045	521,292	
Accumulated depreciation	(3,647,723)	(3,337,547)	
	-----	-----	
Net property, plant and equipment	3,455,210	3,531,645	
	-----	-----	
INVESTMENTS AND OTHER ASSETS			
Goodwill	3,429,479	3,427,281	
Other	504,131	515,580	
	-----	-----	
Total investments and other assets	3,933,610	3,942,861	
	-----	-----	
TOTAL ASSETS	\$ 7,811,821	7,770,408	
	=====	=====	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current maturities of long-term debt	\$ 115,167	70,737	
Other current liabilities	419,850	317,367	
	-----	-----	
Total current liabilities	535,017	388,104	
	-----	-----	
LONG-TERM DEBT	3,119,378	3,578,132	
DEFERRED CREDITS AND OTHER LIABILITIES	795,853	716,168	
STOCKHOLDERS' EQUITY	3,361,573	3,088,004	
	-----	-----	
TOTAL LIABILITIES AND EQUITY	\$ 7,811,821	7,770,408	
	=====	=====	

CAPITAL EXPENDITURES
NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

	Nine months ended September 30, 2003	September 30, 2002	Increase (decrease)

		(in thousands)	
	-----	-----	-----

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CAPITAL EXPENDITURES

Telephone	\$	216,448	221,327	(2.2%)
Wireless (discontinued operations)		-	27,242	(100.0%)
Other		40,011	49,447	(19.1%)
<hr/>				
Total capital expenditures	\$	256,459	298,016	(13.9%)
<hr/>				

CAPITAL EXPENDITURES
THREE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

		Three months ended September 30, 2003	2002	Increase (decrease)
<hr/>				
(in thousands)				
CAPITAL EXPENDITURES				
Telephone	\$	85,050	75,505	12.6%
Wireless (discontinued operations)		-	6,978	(100.0%)
Other		17,151	16,235	5.6%
<hr/>				
Total capital expenditures	\$	102,201	98,718	3.5%
<hr/>				

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

		Three months ended September 30, 2003			Three m
<hr/>					
		As reported	Less non- recurring items	As adjusted excluding non- recurring items	As repor
<hr/>					
Consolidated operating cash flow from continuing operations and cash flow margin					
Operating income	\$	190,781	-	190,781	157
Add: Depreciation and amortization		116,857	-	116,857	107
<hr/>					
Consolidated operating cash flow from continuing operations	\$	307,638	-	307,638	265
<hr/>					
Revenues from continuing operations	\$	603,752	-	603,752	524
<hr/>					
Consolidated cash flow margin (operating cash flow divided by revenues)		51.0%		51.0%	5
<hr/>					
Telephone operating cash flow, operating income margin and cash flow margin					
Telephone operating income	\$	172,643	-	172,643	144
Add: Depreciation and amortization		111,666	-	111,666	104

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Telephone operating cash flow	\$	284,309	-	284,309	249
Telephone revenues	\$	521,439	-	521,439	460
Telephone operating income margin (operating income divided by revenues)		33.1%		33.1%	3
Telephone cash flow margin (operating cash flow divided by revenues)		54.5%		54.5%	5
Other Operations operating cash flow, operating income margin and cash flow margin					
Other Operations operating income	\$	18,138	-	18,138	14
Add: Depreciation and amortization		5,191	-	5,191	3
Other Operations operating cash flow	\$	23,329	-	23,329	17
Other Operations revenues	\$	82,313	-	82,313	63
Other Operations operating income margin (operating income divided by revenues)		22.0%		22.0%	2
Other Operations cash flow margin (operating cash flow divided by revenues)		28.3%		28.3%	2
Free cash flow (prior to debt service requirements)					
Net income	\$	90,979	2,527 (1)	88,452	607
Add: Depreciation and amortization		116,857	-	116,857	107
Less: Capital expenditures (4)		(102,201)	-	(102,201)	(98)
Free cash flow	\$	105,635	2,527	103,108	616
Free cash flow	\$	105,635			616
Income from discontinued operations, net of tax		-			(543)
Income from unconsolidated cellular entity		(1,736)			(1)
Deferred income taxes		24,181			14
Changes in current assets and current liabilities		12,604			32
Increase in other noncurrent assets		(6,779)			(9)
Increase in other noncurrent liabilities		(1,277)			19
Other, net		14,520			29
Add: capital expenditures		102,201			98
Net cash provided by operating activities from continuing operations	\$	249,349			256

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- (1) Net out of period income tax adjustments.
- (2) Reserve for refunds of access charges to interexchange carriers.
- (3) Gain on sale of wireless operations (\$551.4 million after tax), net of write down of wireless portion of billing system (\$19.8 million after tax) and reserve for refunds of access charges to interexchange carriers (\$5.0 million after tax).
- (4) Includes discontinued operations for 2002.

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

	Nine months ended September 30, 2003			Nine m
	As reported	Less non-recurring items	As adjusted excluding non-recurring items	A repo
Consolidated operating cash flow from continuing operations and cash flow margin				
Operating income	\$ 563,935	4,959 (1)	558,976	386
Add: Depreciation and amortization	351,660	-	351,660	293
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Consolidated operating cash flow from continuing operations	\$ 915,595	4,959	910,636	680
<hr style="border-top: 1px dashed black;"/>				
Revenues from continuing operations	\$ 1,774,430	-	1,774,430	1,386
<hr style="border-top: 1px dashed black;"/>				
Consolidated cash flow margin (operating cash flow divided by revenues)	51.6%		51.3%	4
<hr style="border-top: 1px dashed black;"/>				
Telephone operating cash flow, operating income margin and cash flow margin				
Telephone operating income	\$ 518,600	4,959 (1)	513,641	366
Add: Depreciation and amortization	337,250	-	337,250	283
<hr style="border-top: 1px dashed black;"/>				
Telephone operating cash flow	\$ 855,850	4,959	850,891	650
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Telephone revenues	\$ 1,547,789	-	1,547,789	1,214
<hr style="border-top: 1px dashed black;"/>				
Telephone operating income margin (operating income divided by revenues)	33.5%		33.2%	3
<hr style="border-top: 1px dashed black;"/>				
Telephone cash flow margin (operating cash flow divided by revenues)	55.3%		55.0%	5
<hr style="border-top: 1px dashed black;"/>				
Other Operations operating cash flow, operating income margin and cash flow margin				

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Other Operations operating income	\$	45,335	-	45,335	31
Add: Depreciation and amortization		14,410	-	14,410	9
<hr/>					
Other Operations operating cash flow	\$	59,745	-	59,745	41
<hr/>					
Other Operations revenues	\$	226,641	-	226,641	171
<hr/>					
Other Operations operating income margin (operating income divided by revenues)		20.0%		20.0%	1
<hr/>					
Other Operations cash flow margin (operating cash flow divided by revenues)		26.4%		26.4%	2
<hr/>					
Free cash flow (prior to debt service requirements)					
Net income	\$	262,265	5,750 (2)	256,515	757
Add: Depreciation and amortization (6)		351,660	-	351,660	306
Less: Capital expenditures (6)		(256,459)	-	(256,459)	(298)
<hr/>					
Free cash flow	\$	357,466	5,750	351,716	765
<hr/>					
Free cash flow	\$	357,466			765
Income from discontinued operations, net of tax		-			(608)
Less: depreciation and amortization of discontinued operations		-			(12)
Nonrecurring gains and losses		-			(3)
Income from unconsolidated cellular entity		(4,895)			(3)
Deferred income taxes		68,022			43
Changes in current assets and current liabilities		128,547			104
Increase in other noncurrent assets		(18,280)			(23)
Increase in other noncurrent liabilities		7,047			31
Other, net		34,056			43
Add: capital expenditures		256,459			298
<hr/>					
Net cash provided by operating activities from continuing operations	\$	828,422			635
<hr/>					

- (1) Partial recovery of amounts previously written off in connection with WorldCom bankruptcy. See Note 3.
- (2) Net out of period income tax adjustments (\$2.5 million credit), and after tax effect of item (1).
- (3) Reserve for refunds of access charges to interexchange carriers (\$7.6 million) and reserve for uncollectible receivables, primarily WorldCom (\$15.0 million).
- (4) Reserve for refunds of access charges to interexchange carriers.
- (5) Includes gain on sale of wireless operations (\$551.4 million after tax) and gain on sale of a PCS license (\$2.4 million after tax). Such favorable items were partially offset by unfavorable charges for reserve for refunds of access charges to interexchange carriers (\$5.0 million after tax), reserve for uncollectible receivables, primarily

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WorldCom (\$9.8 million after tax), costs to defend unsolicited takeover proposal (\$2.0 million after tax) and write down of wireless portion of billing system (\$19.8 million after tax).

(6) Includes discontinued operations for 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CenturyTel, Inc.

October 30, 2003

By: /s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller