

CenturyTel, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

	Three months ended March 31, 2007			Three months ended March 31, 2006		
<i>In thousands</i>	As reported	Less non- recurring items	As adjusted excluding non- recurring items	As reported	Less non- recurring items	As adjusted excluding non- recurring items
Operating cash flow and cash flow margin						
Operating income	\$ 168,083	-	168,083	157,924	(4,863)	(1) 162,787
Add: Depreciation and amortization	127,784	-	127,784	134,872	-	134,872
Operating cash flow	<u>\$ 295,867</u>	<u>-</u>	<u>295,867</u>	<u>292,796</u>	<u>(4,863)</u>	<u>297,659</u>
 Revenues	 <u>\$ 600,855</u>	 <u>-</u>	 <u>600,855</u>	 <u>611,291</u>	 <u>1,312</u>	 <u>(1) 609,979</u>
 Operating income margin (operating income divided by revenues)	 <u>28.0%</u>		 <u>28.0%</u>	 <u>25.8%</u>		 <u>26.7%</u>
 Operating cash flow margin (operating cash flow divided by revenues)	 <u>49.2%</u>		 <u>49.2%</u>	 <u>47.9%</u>		 <u>48.8%</u>
 Free cash flow (prior to debt service requirements and dividends)						
Net income	\$ 77,870	-	77,870	69,260	(2,996)	(1) 72,256
Add: Depreciation and amortization	127,784	-	127,784	134,872	-	134,872
Less: Capital expenditures	(48,880)	-	(48,880)	(60,088)	-	(60,088)
Free cash flow	<u>\$ 156,774</u>	<u>-</u>	<u>156,774</u>	<u>144,044</u>	<u>(2,996)</u>	<u>147,040</u>
 Free cash flow	 \$ 156,774			 144,044		
Deferred income taxes	13,371			9,419		
Changes in current assets and current liabilities	33,892			(32,057)		
(Increase) decrease in other noncurrent assets	1,032			(2,590)		
Increase (decrease) in other noncurrent liabilities	(401)			1,392		
Retirement benefits	5,636			7,378		
Excess tax benefits from share-based compensation	(3,032)			(4,186)		
Other, net	2,558			542		
Add: Capital expenditures	48,880			60,088		
Net cash provided by operating activities	<u>\$ 258,710</u>			<u>184,030</u>		

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).