

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

<i>In thousands</i>	Three months ended June 30, 2007			Three months ended June 30, 2006		
	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	\$ 231,836	54,921	(1) 176,915	164,993	-	164,993
Add: Depreciation and amortization	134,311		134,311	132,127		132,127
Operating cash flow	<u>\$ 366,147</u>	<u>54,921</u>	<u>311,226</u>	<u>297,120</u>	<u>-</u>	<u>297,120</u>
Revenues	<u>\$ 689,991</u>	<u>50,869</u>	<u>(1) 639,122</u>	<u>608,907</u>	<u>-</u>	<u>608,907</u>
Operating income margin (operating income divided by revenues)	<u>33.6%</u>		<u>27.7%</u>	<u>27.1%</u>		<u>27.1%</u>
Operating cash flow margin (operating cash flow divided by revenues)	<u>53.1%</u>		<u>48.7%</u>	<u>48.8%</u>		<u>48.8%</u>
Free cash flow (prior to debt service requirements and dividends)						
Net income	\$ 112,265	33,831	(1) 78,434	152,210	78,806	(2) 73,404
Add: Depreciation and amortization	134,311	-	134,311	132,127	-	132,127
Less: Capital expenditures	(57,976)	-	(57,976)	(70,367)	-	(70,367)
Free cash flow	<u>\$ 188,600</u>	<u>33,831</u>	<u>154,769</u>	<u>213,970</u>	<u>78,806</u>	<u>135,164</u>
Free cash flow	\$ 188,600			213,970		
Gain on asset dispositions	-			(118,649)		
Deferred income taxes	16,634			12,732		
Changes in current assets and current liabilities	36,943			31,597		
Decrease in other noncurrent assets	2,621			2,887		
Increase (decrease) in other noncurrent liabilities	(11,266)			894		
Retirement benefits	9,011			7,548		
Excess tax benefits from share-based compensation	(3,280)			(761)		
Other, net	2,076			1,702		
Add: Capital expenditures	57,976			70,367		
Net cash provided by operating activities	<u>\$ 299,315</u>			<u>222,287</u>		

NONRECURRING ITEMS

- (1) - Includes \$49.0 million revenue recorded upon settlement of a dispute with a carrier and \$5.9 million reimbursement of amounts (of which \$1.9 million increased revenues) upon a change in our satellite television arrangement (presented on both a pre-tax and after-tax basis).
- (2) - 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)

<i>In thousands</i>	Six months ended June 30, 2007			Six months ended June 30, 2006		
	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	\$ 399,919	54,921 (1)	344,998	322,917	(4,863) (2)	327,780
Add: Depreciation and amortization	262,095		262,095	266,999		266,999
Operating cash flow	\$ 662,014	54,921	607,093	589,916	(4,863)	594,779
Revenues	\$ 1,290,846	50,869 (1)	1,239,977	1,220,198	1,312 (2)	1,218,886
Operating income margin (operating income divided by revenues)	31.0%		27.8%	26.5%		26.9%
Operating cash flow margin (operating cash flow divided by revenues)	51.3%		49.0%	48.3%		48.8%
Free cash flow (prior to debt service requirements and dividends)						
Net income	\$ 190,135	33,831 (1)	156,304	221,470	75,810 (3)	145,660
Add: Depreciation and amortization	262,095	-	262,095	266,999	-	266,999
Less: Capital expenditures	(106,856)	-	(106,856)	(130,455)	-	(130,455)
Free cash flow	\$ 345,374	33,831	311,543	358,014	75,810	282,204
Free cash flow	\$ 345,374			358,014		
Gain on asset dispositions	-			(118,649)		
Deferred income taxes	30,005			22,151		
Changes in current assets and current liabilities	70,835			(460)		
Decrease in other noncurrent assets	3,653			297		
Increase (decrease) in other noncurrent liabilities	(11,667)			2,286		
Retirement benefits	14,647			14,926		
Excess tax benefits from share-based compensation	(6,312)			(4,947)		
Other, net	4,634			2,244		
Add: Capital expenditures	106,856			130,455		
Net cash provided by operating activities	\$ 558,025			406,317		

NONRECURRING ITEMS

- (1) - Includes \$49.0 million revenue recorded upon settlement of a dispute with a carrier and \$5.9 million reimbursement of amounts (of which \$1.9 million increased revenues) upon a change in our satellite television arrangement (presented on both a pre-tax and after-tax basis).
- (2) - Severance and related costs due to workforce reduction, including revenue impact.
- (3) - 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.